

**CH INVESTMENT PARTNERS, L.L.C.**

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**This brochure provides information about the qualifications and business practices of CH Investment Partners. If you have any questions about the information contained in this brochure, please contact us at (214) 661-8167. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.**

**This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering, governing and/or account documents that contain the material terms relating to such investments, products or services.**

**Additional information about CH Investment Partners also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 28, 2024

## ITEM 2: MATERIAL CHANGES

The date of the last annual updating amendment to our firm brochure was on March 30, 2023. Since our last annual updating amendment, we have added disclosure of the CH-IP Direct Investment Fund III, L.P. There have been no further material changes to the information contained in this brochure.

*The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing, account and offering documents, such documents shall control.*

***We encourage all clients and investors to carefully review this document and/or any other applicable disclosure and account documents in their entirety.***

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## ITEM 4: ADVISORY BUSINESS

### FIRM DESCRIPTION AND OVERVIEW

CH Investment Partners, L.L.C., a private investment advisory firm established in 2019 (“CH Investment Partners”, “CHIP,” or “we,” “us,” or “our”), provides investment management, advisory, consulting, administrative and other services to affiliated pooled investment vehicles, separately managed accounts of advisory clients and other persons and entities. The advisory business of CH Investment Partners was previously operated as a division of Crow Holdings Capital Partners, L.L.C. (D/B/A as Crow Holdings Capital – Investment Partners) (“CHC-IP”). Effective as of November 1, 2019, we acquired all of the investment advisory business of CHC-IP in a spin-out transaction.

Our investment advice is provided in accordance with the investment objectives, strategies, guidelines, restrictions and limitations contained in the applicable offering, governing and/or account documents, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

### PRINCIPAL OWNERS

We are ultimately controlled, indirectly through intermediate subsidiaries, by Michael Silverman and Kirk Rimer. Each of Messrs. Silverman and Rimer indirectly owns more than 25% of the equity interests in CH Investment Partners. **See Schedules A and B of Part 1 of our Form ADV.**

### TYPES OF ADVISORY SERVICES

#### Funds

We provide advisory, management, consulting, administrative and other services to affiliated private pooled investment and other vehicles (the “Funds”) with respect to investments in securities, financial instruments, private investments and other assets, including co-investments and investments in other pooled investment vehicles (“Underlying Funds”), and separately managed accounts (“Underlying Accounts”) managed, sponsored and operated by third-party investment advisers, sub-advisers and managers (“Underlying Managers”). We are responsible for investing and re-investing the assets of each Fund and for the selection of Underlying Funds, Underlying Accounts and Underlying Managers in accordance with the investment objectives, policies, limitations and guidelines set forth in its offering and governing documents. From time to time, we establish “warehouse” or other special purpose vehicles to acquire certain investments or group of related investments, and all or a portion of such warehoused investments may be transferred or sold to one or more “syndicate” Funds, other vehicles or entities managed, sponsored or established by us or an affiliate and/or one or more other persons or entities. Certain Funds invest alongside, or otherwise are managed on a side-by-side basis with, one or more other Funds and other clients or accounts managed or advised by us. Information about each Fund is set forth in its offering and governing documents. **See Item 8 below.**

#### Advisory Accounts

We provide investment advisory services to separately managed advisory accounts (“Advisory Accounts”) with respect to investments in securities, financial instruments, private investments and other assets, including investments in the Funds, Underlying Funds and Underlying Accounts. Our investment advisory services are provided in accordance with the terms,

conditions, guidelines and limitations set forth in our agreement with each Advisory Account client, and such agreements can be on a discretionary or non-discretionary basis (or a combination thereof). In connection with our advisory services, we typically have the authority and power on behalf of each client to engage, appoint and retain one or more Underlying Managers to manage or provide investment advisory services on a portion of the assets in its Advisory Account, and we may allocate a portion of the assets in such client's Advisory Account to or among one or more Underlying Accounts managed by Underlying Managers. Underlying Managers generally manage or provide advice with respect to the Advisory Account assets allocated to them by us in accordance with the terms and conditions set forth in the applicable advisory or sub-advisory agreements between us and such Underlying Managers, and we generally are responsible for managing, overseeing, supervising and monitoring the quality and success of the services provided by such Underlying Manager with respect to Advisory Account assets and for managing the overall relationship between such Underlying Managers and our clients. If an Underlying Manager is engaged or retained to manage a portion of the assets in an Advisory Account, such Advisory Account will be required to pay two different advisory fees on the assets managed by such Underlying Manager: (1) an advisory fee payable to us on such assets and (2) an investment management fee payable directly to such Underlying Manager on such assets.

Certain Advisory Accounts are managed on a "side-by-side" basis with one or more Funds and/or other types of advisory clients, and invest alongside the Funds in all or certain investments, which raises various actual and potential conflicts of interest.

#### Consulting, Administrative, Financial Planning, Family Office and Other Non-Advisory Services

In addition to the services described above, we provide consulting, financial planning, family office, reporting, administrative and other types of non-advisory services to certain persons and entities (including advisory clients) in accordance with the terms, conditions and limitations set forth in the consulting, family office services or other agreements with such persons and entities. Family office services may include, among other things, service provider coordination and communication, general investment and financial education, operational assistance and reporting and account oversight. **See Item 8 below.**

### **INVESTMENT RESTRICTIONS**

#### Funds

We provide investment advice and other services to each Fund in accordance with the investment objectives, policies, guidelines and limitations set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, the general partner or managing member of a Fund may in the future enter into side letter agreements or similar arrangements with one or more investors in a Fund that have the effect of establishing rights under, or altering, modifying, waiving or supplementing the terms of, the governing documents of the Fund in respect of such investors. Among other things, these agreements may entitle an investor in a Fund to lower fees, information or transparency rights, most favored nations status, notification rights, rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of or related to an investor and/or other preferential rights and terms.

Interests in the Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended. Such Funds are not registered with the SEC as investment companies based on specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended.

### Advisory Accounts

We provide and tailor our investment advice and other services to each of our Advisory Account clients and the applicable terms and conditions set forth in the applicable advisory, consulting or other agreement with such client. Subject to our approval, Advisory Account clients generally may impose reasonable restrictions and limitations on our investment advisory services with respect to their Advisory Accounts. For Advisory Account assets allocated to, and managed by, Underlying Managers, we are responsible for managing and overseeing the overall relationship with such Underlying Managers, the nature and terms of the arrangements or agreements with such Underlying Managers, the services provided by such Underlying Managers and for monitoring, supervising, reviewing and managing the advice and services provided by such Underlying Managers. In such situations, we provide top-level oversight of each Advisory Account client and such client's assets and the Underlying Manager's ability to exercise discretion or authority with respect to the assets allocated to the Underlying Managers and the investment guidelines applicable to the management of Advisory Account assets. Underlying Managers are responsible for managing, generally on a discretionary basis, any assets in Underlying Accounts in accordance with, and pursuant to, the investment guidelines, strategies, limitations, parameters and restrictions set forth in the applicable investment advisory or sub-advisory agreement between us and such Underlying Managers.

While we may from time to time refer to our Advisory Account clients as "partner families", no client will, solely by reason of being an advisory client of CH Investment Partners, have any right or option to participate as a partner or otherwise in the business, investments, activities or profits of CH Investment Partners, its affiliates, our principals or any of our direct or indirect equity owners or related persons.

### **REGULATORY ASSETS UNDER MANAGEMENT**

As of December 31, 2023, we had approximately \$5,096,846,148 in regulatory assets under management, approximately \$4,153,129,604 of which was managed on a discretionary basis and approximately \$943,716,544 of which was managed or advised on a non-discretionary or limited discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### FEE SCHEDULES

In consideration of our investment advisory, management and other similar services, we and/or our affiliates generally are entitled to receive various types of fees and compensation from or in respect of our clients, including, without limitation, advisory fees, management fees and performance-based compensation. While the specific fees and expenses applicable to each client or Fund is or will be disclosed and described in detail in the applicable offering, account and/or governing documents, a brief overview of our general fee schedule is set forth below. Please refer to the applicable governing, account and offering documents for detailed and accurate information regarding the applicable fees, expenses and compensation that is or may be applicable to a Fund or client.

#### Funds

With respect to the Funds, the applicable management fees vary depending upon the class of interests acquired by investors:

- Class A Interests (Advisory Account Clients): Generally, no management fee is charged to or paid by Class A interests at the Fund level. Rather, Class A Interest holders pay fees to us with respect to their interests in the Fund in accordance with the terms of their respective advisory agreements with us. Upon termination of an investment advisory agreement between us and an investor holding Class A Interests, the general partner of a Fund may, in its sole discretion, cause such investor to become subject to management fees at the level of the Fund or take various other actions in respect of such investor. Employees and personnel (and their affiliates) may from time to time receive or be issued Class A interests, which will not be subject to any management or other fees payable to us or any of our affiliates.
- Class B Interests (Non-Advisory Account Clients): We are entitled to receive a management fee, payable quarterly in advance, equal to a percentage of the net asset value of a Class B investor's capital account, the aggregate capital commitment of that investor or the total invested capital of that investor (as applicable).
- Class C Interests (Certain Employees and Officers and Affiliates): In general, no management fee is charged to Class C Interests at the Fund level.

Subject to the terms and conditions set forth in the applicable governing, offering and/or account documents, we receive or are entitled to receive performance-based compensation (including, without limitation and as applicable, carried interest distributions, incentive fees, performance allocations or similar fees) from or with respect to certain Funds and/or certain investors in such Funds. Except as otherwise set forth in the applicable governing or offering documents of a Fund, advisory clients (and holders of Class A Interests) typically are not subject to, or required to pay, performance-based compensation to us or our affiliates in connection with their investments in such Fund. An overview of the performance-based compensation or carried interest distributions payable or distributable to us or an affiliate in respect of a Fund or certain investors in such Fund are set forth below:

- CHCP Direct Investors: Investors making an initial equity commitment to CHCP Direct Investors, L.P. (“CHCP Direct Investors”) generally are subject to a carried interest equal to 5% of profits on distributions derived from the disposition of an investment on a deal-by-deal basis (following the return of contributed capital, expenses and a preferred rate of return of 8% to investors) (provided that we may waive or change or vary such carried interest otherwise payable to us in respect of any investor or investment). We may change, vary or alter the carried interest percentage or carried interest terms applicable to any particular investment of CHCP Direct Investors, any particular series or tranche of CHCP Direct Investors or all or a subset of the investors participating in such applicable investment or series or tranche. **See Item 6, Item 10 and Item 11 below.**
- DIF: Subject to the terms and conditions set forth in the partnership agreements of CHC Direct Investment Fund I, L.P., CH-IP Direct Investment Fund II, L.P. (as applicable, “DIF”), and CH-IP Direct Investment Fund III, L.P. Class B investors (non-advisory clients) will be subject to a carried interest. In the event that DIF or its general partner syndicates a portion of an investment initially acquired by DIF to one or more syndicate investors (indirectly through CHC DSF, as the syndicate vehicle), DIF generally will be entitled to receive all of the carried interest amounts indirectly payable by such syndicate investors. Syndicate carry proceeds attributable to any particular investment initially will be apportioned 50% to us (as special limited partner) and 50% to the investors, pro rata, in accordance with their respective capital contributions in respect of such investment.
- CHC DSF: Subject to the terms and conditions set forth in the partnership agreement of CHC Direct Syndicate Fund, L.P. (“CHC DSF”) and the governing documents of each applicable underlying investment vehicle (Class A Interests (advisory clients) and Class B Interests (non-advisory clients) will indirectly be subject to a carried interest . As described above, DIF generally will be entitled to receive any such carried interest amounts payable by investors in CHC DSF. In addition, each investor in CHC DSF (other than our employees) (including Advisory Account clients) generally will pay directly to us carried interest.
- CHC Elements:
  - Subject to the partnership agreement of CHC Elements Fund, L.P. (“CHC Elements”), CH Investment Partners, in its capacity as the special limited partner, is entitled to receive a performance-based allocation equal to 5% of the excess of (i) the net profits allocated to the capital account of each holder of Class B Interests for the applicable performance period over (ii) the management fee attributable to such capital account for such performance period, which is reallocated to our capital account at the end of each calendar year. **See Item 6, Item 10 and Item 11 below.**
  - With respect to Series B of CHC Elements, a performance-based allocation equal to 20% of the excess of (i) the net profits allocated to the capital account of each non-founding client investor (holder of Class A2 interests) and non-advisory client investor (holder of Class B interests) for the applicable performance period over (ii) the management fee attributable to such capital account for such performance period, is reallocated to the capital account of CH Investment Partners, in its capacity as the special limited partner, and the capital accounts of the founding client investors (holders of Class A1 interests) and founding employees (holders of Class C1 interests), in accordance with the formula set forth in the Series B Supplement. **See Item 6, Item 10 and Item 11 below.**
- PE 2015, 2017, 2019 ,2021, and 2023. Subject to the terms and conditions set forth in the applicable partnership agreement, Class B Interests in CHC Private Equity 2015, L.P. (“PE 2015”), CHC Private Equity 2017, L.P. (“PE 2017”),

CHC Private Equity 2019, L.P. ("PE 2019"), CH-IP Private Equity 2021, L.P. ("PE 2021"), and CH-IP Private Equity 2023, L.P. ("PE 2023"), are subject to a carried interest. Any such carried interest will be distributed to us or an affiliate. **See Item 6, Item 10 and Item 11 below.**

With respect to certain "warehouse", "syndication" and special purpose Funds managed, sponsored or established by us and our affiliates (including Funds formed for the purpose of making a single investment or one or more related investments), we are entitled to receive the economic benefit of a portion or percentage of the investments owned by such Funds, while such Funds are required to bear all obligations, expenses and liabilities associated with or applicable to such investments (such as any applicable capital contribution or payment obligations or requirements with respect to such investments). This economic benefit generally will be provided to us or an affiliate pursuant to an investment management agreement between any "warehouse", "syndication" or other special purpose Fund and us. All investors in a warehouse or syndication or special purpose Fund, including advisory clients, will be required to bear and pay their allocable share of the obligations, burdens and liabilities associated with any economic benefit provided or transferred to us. In certain Funds, Class B investors will be required to provide us with a higher or greater economic benefit than Class A and Class C investors. With respect to certain "warehouse", "syndication" or special purpose Funds, CH Investment Partners, in its capacity as special limited partner, will be entitled to receive carried interest distributions from Class B investors, a portion of which may be paid or allocated to (or shared with) one or more other persons (including one or more other Funds or designated investors or clients).

While Fund fees generally are not negotiable, we and our affiliates have entered into, and may in the future enter into, side letters or similar arrangements with certain investors that reduce or eliminate or change the fees or carried interest amounts applicable to such investors in certain circumstances (including with respect to any investment made by CHCP Direct Investors or with respect to certain investors who elect to participate in an investment of CHCP Direct Investors) in accordance with the terms in the applicable offering and governing documents of each Fund.

#### Advisory Accounts

In general, our advisory fees range between 0.50% and 0.60% per annum of the asset value of the Advisory Account. However, for a period of time after a client first establishes an Advisory Account with us, such client may pay us a fee equal to a fixed dollar amount, which differs from the fee range provided above. Additionally, certain clients may be charged or be subject to a flat fee or a tiered fee or other fee structure based upon the size of the account or a performance-based advisory fee or performance fee, and certain types or categories of clients are or may be subject to lower asset-based advisory or other fees than those described above. Advisory Accounts may be subject to a higher advisory fee or additional or increased charges or fees with respect to direct investments in Underlying Funds, Advisory Account assets allocated to or managed by Underlying Managers or other types of investments, and Advisory Accounts will bear additional or increased expenses and fees in connection with investments in any of the Funds and the allocation of Advisory Account assets to one or more Underlying Managers. We have agreed and may in the future agree to reduce or waive or change fees (or the overall fee structure or arrangement) with respect to all or part of an Advisory Account or enter into different fee arrangements or structures with respect to certain clients (including employees and affiliates). Fees generally are payable quarterly in advance based upon the asset value of the Advisory Account as of the close of business on the last business day of the preceding calendar quarter. The fees payable with respect to each client generally are (and may in the future be) negotiable or varied based upon or in consideration of various relevant factors or considerations deemed appropriate by us in our discretion including, without limitation, the size of an Advisory Account and the type, the nature of the relationship or arrangement or historical relationship or status of a particular client or an affiliate of such client, the overall arrangement or agreement between or among us, any such client, our principals and/or affiliates of such persons and amount or type of services provided to an Advisory Account (or based on a client's prior agreement with us). To the extent that an Advisory Account client invests in a

Fund, it will be subject to advisory or other fees payable to us in respect of its interest in such Fund and will or may be subject to other expenses and/or fees as well (including its allocable share of the fund expenses of such Fund), in accordance with the terms set forth in the applicable advisory agreement between such client and us and the applicable governing documents of such Fund.

If an Underlying Manager is engaged or retained to manage a portion of the assets in an Advisory Account, then such Advisory Account will be required to pay advisory fees directly to such Underlying Manager on the Advisory Account assets managed by such Underlying Manager, which will be separate and distinct from, and in addition to, the advisory fees payable to us on the same Advisory Account assets. The fees charged by, and payable to, an Underlying Manager on Advisory Account assets allocated to such Underlying Manager generally will be deducted directly from such Advisory Account. Any fees paid by an Advisory Account to an Underlying Manager generally will be reflected or set forth in periodic account statements from such Advisory Account client's qualified custodian. Clients are urged to carefully review our invoices and account statements provided by qualified custodians to ensure that they fully understand the total amount of fees paid or payable with respect to Advisory Accounts.

In certain instances, Advisory Accounts will or may be subject to, or required to pay to us or our affiliates, performance-based compensation (such as a carried interest) in respect of their investments in a Fund. **See Items 6, Item 10 and Item 11 below.**

With respect to certain client-directed private investments, we only perform and provide reporting and other non-advisory services and receive a flat fee from such clients in consideration of such services. This flat fee generally is in addition to any other advisory and other fees payable by such clients pursuant to their advisory agreements.

#### **DEDUCTION OF MANAGEMENT AND ADVISORY FEES**

##### Funds

With respect to each applicable investor, management fees are funded by deducting such fees directly from that investor's capital account, with capital contributions or other payments called from that investor, from a line of credit, subscription line or other indebtedness or by reducing distributions which would otherwise be made to that investor. In the event of a withdrawal by an investor other than as of the last calendar day of a calendar quarter, a *pro rata* portion of the management fee, based upon the actual number of days remaining in such quarter as of the date of withdrawal, generally will be refunded by us to the applicable Fund for credit to such investor's capital account.

For certain Funds, management fees, organizational expenses and fund expenses will not be credited against or otherwise reduce an investor's unfunded commitment and, as a result, the payments or contributions made or paid by such investor would be in excess of, and in addition to, its capital commitment.

Subject to the applicable fund documents, any carried interest distributions or performance-based compensation generally will be paid to us or an affiliate from time to time upon the disposition or refinancing of investments or from profits on distributions derived from operating proceeds.

For certain Funds, the economic benefit of a portion or percentage of the investments held by such Funds is transferred and assigned to us or an affiliate. As a result, we or an affiliate are entitled to receive our allocable share of any distributions received by the Fund from time to time in respect of such investments.

## Advisory Accounts

Advisory Account clients typically authorize and direct us and their applicable custodians to deduct our fees directly from their custodial accounts. In certain cases, Advisory Account clients may be billed and responsible for paying fees directly to us within a certain period of time. We generally send invoices to our clients on a quarterly basis.

For Advisory Account assets allocated to an Underlying Manager, advisory fees payable to such Underlying Manager on such assets typically will be deducted directly from client custodial accounts. Information and details regarding the fees paid or payable to an Underlying Manager on the Advisory Account assets allocated to it generally are set forth or referenced in account statements from qualified custodians and/or the client's online account available through the custodian's secured website. As disclosed in this brochure, with respect to any Advisory Account assets allocated to Underlying Managers, clients generally will be required to pay the following two advisory fees on the same assets: (1) an advisory fee payable to us on such assets and (2) an advisory fee payable directly to such Underlying Manager on such assets.

Agreements with Advisory Account clients generally do not have termination dates. Instead, such agreements typically may be terminated by us or the clients at any time upon at least 15 days' or 15 business days' advance written notice, as set forth in the applicable agreements. Certain Advisory Account clients may have different or less or more favorable termination rights, subject to the terms and conditions set forth in the applicable account documents. Fees may be prorated (i) with respect to withdrawals, on any date other than as of the end of a calendar quarter and (ii) with respect to contributions, on any date other than as of the beginning of a calendar quarter. In the event of termination of an advisory or consulting agreement, any unearned fees paid in advance generally will be refunded to the client (minus any account expenses and reserves for expenses).

## **OTHER FEES AND EXPENSES**

### General

In addition to the fees described above, clients generally bear all fees, costs and expenses associated with their investments and Advisory Accounts, including the types of fees, costs and expenses described below. To the extent requested or authorized in writing, Advisory Account clients may also be required to bear reasonable travel and other expenses incurred by us in connection with investment due diligence, negotiation or monitoring. For certain Funds, investors are required to contribute amounts to such Funds that are in excess of, and in addition to, their capital commitments in order to, among other things, pay all or a portion of their allocable share of organizational expenses, fund expenses and/or management fees. To the extent a client invests in an Underlying Fund or a portion of the assets in an Advisory Account are allocated to an Underlying Account managed by an Underlying Manager, then such Advisory Account will bear and be responsible for paying the fees, compensation and expenses charged by or payable to such Underlying Fund, Underlying Account, Underlying Manager and/or affiliates thereof, which will be separate and distinct from, and will be in addition to, the fees and expenses payable to us and our affiliates on the same assets.

We and our personnel can be expected to receive certain intangible and/or other benefits arising or resulting from services or activities on behalf of clients that will not be subject to any management fee offset or otherwise shared with clients, investors and/or portfolio investments. For example, airline travel or hotel stays incurred as client expenses typically result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to us and/or such personnel (and not the clients, investors and/or funds or investments) even though the cost of the underlying service is borne by clients, investors and/or funds or investments.

### Underlying Manager Fees

In addition to our fees and the fees and expenses charged by the Funds and the Advisory Accounts, each Underlying Manager or an affiliate generally charges and/or receives management or advisory fees and performance-based fees or compensation directly or indirectly from investors in Underlying Funds and clients whose Advisory Account assets are allocated to such Underlying Manager. Underlying Managers and affiliates may be entitled to receive certain additional fees and compensation with respect to Underlying Funds, Underlying Accounts or underlying portfolio investments of Underlying Funds or Underlying Accounts (such as operating partner fees and expenses or director fees), which may or may not result in any reduction to the management or advisory fees payable by a Fund or client. These fees generally are borne, directly or indirectly, by our clients (including the applicable Funds), and are in addition to the fees and expenses charged by us or applicable to any Funds (including on the same assets). **See Item 6 below.**

If an Underlying Manager is engaged to manage a portion of the Advisory Account assets of a client, then such Advisory Account will pay investment management fees directly to the Underlying Manager with respect to such allocated assets, which will be separate and distinct from, and in addition to, the advisory fees payable to us on the same assets.

### Fund Expenses

Each Fund typically is responsible for and bears all costs, expenses and fees incurred in connection with the operations, investments and activities of such Fund. The aggregate amount of such expenses borne or paid by the Funds will be significant and material, and will reduce the amount of capital available to be deployed by a Fund in investments, the amounts available to be distributed to investors and the actual returns realized by investors on their investments in a Fund. Fund expenses include recurring and regular items, as well as extraordinary expenses which may be hard or difficult to budget, estimate or forecast. As a result, the amount of fund expenses borne or paid by a Fund may exceed our expectations. Fund expenses encompass a broad range of expenses and include all expenses of operating the Fund and its related entities. Investors should refer to the applicable governing and offering documents of each Fund for detailed information and disclosures regarding the fund expenses applicable thereto.

Expenses borne by us and our affiliates generally are limited only to those items specifically enumerated in the applicable governing documents (such as rent for office space, office furniture and salaries of employees), and all other costs, expenses and fees incurred in operating a Fund or its activities generally are borne directly or indirectly by the investors in such Fund.

Each Fund generally bears, and reimburses us and our affiliates for, its allocable share of all costs, fees and expenses incurred in connection with or relating to the business, activities and operations of such Fund (and/or those of any special purpose, feeder or parallel investment vehicle) including, without limitation: (i) costs and expenses incurred in connection with the formation and organization of the Fund, its general partner, any parallel funds, alternative investment vehicles, feeder funds and/or related subsidiaries and the offering of interests in the Fund (and any parallel investment vehicles, alternative investment vehicles and/or feeder funds) (including, without limitation, legal, accounting, capital raising, marketing, offering, fundraising, printing, travel, means, entertainment, regulatory or legal compliance, blue sky filing fees and other applicable expenses), (ii) expenses and costs related to the business, activities and operation of the Fund (and/or any special purpose or parallel investment vehicle or alternative investment vehicle), including tax and financial statement preparation costs and fees (including, without limitation, expenses related to the preparation of tax returns, tax estimates and Schedules K-1), governmental fees, taxes or charges levied against the Fund, any investment or income thereof, third party administrator fees, custodial fees, costs of communications with investors and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting, service provider and other professional fees and expenses (including expenses and costs

associated with software related to all of these and other Fund expenses), including for litigation and preparation of financial statements and reports (including its allocable share of the costs of any investor portal); (iii) costs, expenses and charges incurred in connection with the investment and trading activities of the Fund and the management, monitoring, identification, evaluation, negotiation, structuring, due diligence, underwriting, acquisition, ownership, sale, valuation, hedging or financing of the Fund's investments or potential investments (including Underlying Funds), including research expenses, "dead deal" or broken deal expenses, due diligence costs, brokerage and custodial fees and commissions, fees of financial advisors, third-party administrators, legal counsel and consultants, and any other professionals and third-parties retained by or on behalf of the Fund in connection with such activities and travel expenses incurred in holding, developing, identifying, evaluating, negotiating or otherwise disposing of investments; (iv) premiums for and costs relating to insurance protecting the Fund, its general partner, us and other indemnified parties and any litigation costs of the Fund (including costs and expenses of D&O, errors, omissions, fidelity, crime, cybersecurity, business continuity, disaster recovery, general partner liability and other insurance coverage for such Fund, its general partner and us); (v) communication and reporting expenses, expenses and costs of any meetings of the investors and the advisory committee (including payments to our affiliates for certain charges, including but not limited to customary facilities, food and beverage, and other similar charges) and any distributions to investors, (vi) the costs of any litigation or other extraordinary events and indemnification obligations relating to the affairs of the Fund (including indemnified expenses incurred pursuant to the governing documents or indemnified expenses pursuant to other contractual arrangements), (vii) any and all fees and expenses related to third party research, publications, data and data services (including pricing services) including, without limitation, research provided by or from banks, counterparties, brokerage firms, Underlying Managers, consultants, third party valuation firms and/or other vendors and service providers (regardless of the mechanism used to pay for such research or services), expert matching services, news services, business and political analysis services, due diligence and investigative services, pricing feeds and a wide-range of other data including data about markets, counterparties, financial instruments, assets, properties companies, sectors, Underlying Managers, Underlying Funds, issuers, partners and other inputs into models and systems, (viii) expenses and costs incurred in connection with any regulatory, self-regulatory or legal filings required to be made with respect to the Fund or its activities (including, without limitation, Form D, CFTC and NFA exemptions, blue sky filing fees and Form PF) and all costs incurred by us and our affiliates in complying with laws and regulations and requirements that apply to us or our affiliates as a result of our or their services to the Fund and its assets, (ix) expenses associated with maintaining the Fund's legal existence, including directors' fees, administrators' fees, occupancy costs and other operating costs of entities that maintain their own offices in certain jurisdictions, (x) all fees and expenses associated with investments in the Underlying Funds, the Underlying Accounts and other investments, including, but not limited to, performance-based fees or allocations (or carried interests), management or advisory fees, investment-related expenses of the Underlying Funds or Underlying Accounts, brokerage commissions, transaction expenses and other applicable fees and expenses charged by the Underlying Funds and Underlying Managers (including the Fund's allocable share of the fund expenses of any Underlying Fund and any fees and compensation payable to Underlying Managers on assets allocated to Underlying Accounts), (xi) all travel and travel-related fees, costs and expenses incurred in connection with the use of first class or business class air travel, use of car services or reimbursement of mileage, transportation services, lodging and accommodations, personal and business meals, international data and roaming, entertainment and incidentals, (xii) expenses incurred in connection with any borrowing, indebtedness or credit facility utilized or incurred by such Fund (including any costs and expenses relating to any subscription line credit facility utilized or obtained by any Fund), and (xiii) costs incurred in connection with any syndication, assignment, sale or transfer of an investment, including, without limitation, any costs and expenses relating to any warehouse investment transfer or any cross-trades or transactions between or among the Fund and one or more other Funds or vehicles. A Fund is required to bear its allocable share of any costs and expenses incurred in connection with industry and/or private fund manager conferences or seminars (including travel expenses), to the extent the purpose of such conferences is related to the identification of prospective Underlying Funds or Underlying Managers or the investment due diligence process. In addition, a Fund generally is required to bear its allocable share of costs incurred in the formation and operation of any wholly-owned subsidiary of such fund.

From time to time we engage or retain consultants, agents, advisors or other persons or entities to perform certain services or engage in certain activities on behalf of or with respect to a Fund. The applicable Fund(s) will bear their allocable share of any fees and expenses of such consultants, advisors or other representatives. Services may be provided with respect to a Fund by our employees and employees of our affiliates (for example, in-house legal or accounting services). Subject to the terms and conditions set forth in the applicable fund documents, a Fund may be required to bear the allocable compensation for such in-house attorneys and accountants based upon time spent on Fund matters.

From time to time, a Fund will make (or commit to make) an investment in an issuer or company with a view to selling or syndicating all or a portion of such investment to co-investors (including to co-investors in a syndication vehicle or Fund) or other persons prior to, at the time of or after the closing of the acquisition. In particular, an affiliate establishes or organizes a “warehouse” Fund in order to make and capitalize on an investment (typically for a certain period of time), with the goal or intent being to syndicate, sell and transfer all or a portion of such warehoused investment to a syndicate Fund or entity or one or more other affiliated or unaffiliated investors. In connection with any such syndications, transfers or cross sales between or among one or more Funds, clients, investors and/or other persons, a syndicate or acquiring Fund or vehicle typically is required to pay to the warehouse Fund a purchase price equal to its allocable share or portion of the expenses and costs incurred or paid by the applicable selling Fund or client in connection with the acquisition and holding of such warehoused or syndicated investment(s) (including, as applicable, its allocable share or portion of the total organizational expenses of any “warehouse” Fund and any and all expenses and costs incurred in connection with the transfer, sale and assignment of an investment to a syndicate Fund or vehicle). Amounts paid or contributed by investors in respect of the expenses and costs described above generally will be in addition to, and in excess of, their capital commitments to a Fund.

Certain warehouse Funds established or managed by us or our affiliates have transferred and assigned to us or an affiliate the economic benefit attributable to a portion of the investments owned by such Funds (pursuant to investment management agreements between us and such applicable Funds). While we are entitled to receive any distributions or payments attributable to such investments, the applicable warehouse Funds are responsible for bearing and paying any obligations, burdens, expenses and liabilities associated with or applicable to such investments (including any requirement to contribute capital or make payments in respect of such investments). The transfer or assignment of the economic benefit attributable to a portion of the investments owned by a Fund to us or our affiliates will result in additional compensation payable to us and our affiliates. As a result of the potential to receive the economic benefit of a percentage of an investment owned by a Fund, we have a financial incentive to recommend investments in such Fund to clients and others and face conflicts of interest in connection therewith.

Expenses associated with the investigation, negotiation, structuring, acquisition, settling, holding, monitoring and disposition of investments, including, without limitation, any due diligence-related expenses, brokerage, custody or hedging costs and travel and related expenses in connection with the Fund’s activities will be borne by the applicable Funds (and indirectly by the investors in such applicable Funds). To the extent not reimbursed by a third party (such as a co-investor who has committed to invest in a potential investment), all expenses incurred in connection with a proposed investment that is not ultimately made or a proposed disposition that is not actually consummated, including, without limitation, commitment fees that become payable in connection with a proposed investment, legal, tax, accounting, advisory and consulting fees and expenses, travel, accommodation and related expenses, printing expenses and any liquidated damages, reverse termination fees and similar payments, generally will be borne by the applicable Fund(s) (and allocated *pro rata* to or among all investors in such fund or a subset of the applicable participating investors, without taking into account any applicable excuse or exclusion rights of any investor).

We face a conflict of interest in determining whether certain costs and expenses (or a portion or percentage thereof) are expenses for which one or more Funds and other clients should be responsible, or are expenses that should be borne by, or allocated to or among, us, other clients or Funds, or any of their affiliates (in whole or in part). Clients will be reliant upon our discretion and determinations with regard to the allocation of expenses and costs between or among one or more of the Funds and other clients (and/or us or our affiliates). For example, we may have an incentive to favor advisory clients that pay or are subject to higher fees or arrangements or clients that are subject to different compensation arrangements. We also have an incentive to allocate expenses to and among our applicable clients, as opposed to allocating such expenses or a portion thereof to us or our affiliates. Such allocations and determinations with respect thereto are inherently subjective and give risk to conflicts of interest due to the inherent biases in the process (including a conflict in deciding whether a particular expense should be borne by a Fund, us and/or their affiliates, and one or more other clients). We may use or utilize a variety of methodologies to allocate expenses, which are expected to take into account such factors or considerations deemed relevant or appropriate by us in our discretion. For example, with respect to an investment made by both a Fund and one or more other clients that are pooled investment vehicles managed by us or our affiliates (or any co-investment vehicles managed or sponsored by us), we generally expect to allocate expenses relating to such investment between or among the applicable Fund(s), other pooled investment vehicle clients and/or co-investment vehicles in proportion to the capital invested by each in such investment or in such other manner or on such other basis deemed or determined by us to be appropriate in our discretion (and in accordance with our current expense allocation policies and procedures and the applicable governing and account documents of each applicable client). Furthermore, prospective investors should note that certain expenses borne or paid by a Fund may directly or indirectly benefit us, our affiliates and/or one or more other clients. The portion of any expenses and costs allocated to any particular client for a particular product or service may not reflect the relative benefit derived by such client from that product or service in any particular instance.

Investing in a Fund does not give investors any rights, entitlements or priority to co-investment opportunities, unless otherwise set forth in the applicable governing and offering documents. In the event that an Advisory Account is permitted to co-invest alongside a Fund in an Underlying Fund, such Advisory Account may or may not be required to bear its allocable share of the expenses incurred in connection with or with respect to such Underlying Fund.

In the event that a client enters into a financial consulting agreement and/or family office services agreement with us or an affiliate pursuant to which we or an affiliate provides or will provide financial planning, consulting, family office and/or other non-advisory services, as applicable, to such client or an affiliate, such client may be required to pay separate fees to us or an affiliate as compensation for such non-advisory services and such fees will be exclusive of, and in addition to, the fees payable by such client under its applicable account documents.

*The foregoing list is not intended to be exhaustive or complete with respect to any Fund and is qualified in its entirety by the applicable governing and offering documents of each Fund. Investors generally do not receive detailed information regarding specific expenses paid by the Funds.*

#### Underlying Fund, Underlying Manager and Other Investment Vehicle Expenses

Clients bear, directly or indirectly through their investment in an Underlying Fund, Underlying Account or other investment vehicle (as applicable), their allocable share of the offering, organizational and operating expenses and fees of such Underlying Fund, Underlying Account or other investment vehicle, as applicable, and expenses and fees related to the investment of such assets, such as brokerage commissions (including soft dollar payments, if applicable), expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest expenses, borrowing costs, transaction fees, fees payable to and expenses of co-investors and extraordinary expenses. For example, to the extent a Fund or client invests in an Underlying Fund, such Fund or client will be required to bear its allocable share or portion of the organizational and fund expenses of such Underlying Fund and the fees and compensation payable to or charged by such Underlying Fund or Underlying Manager (or an affiliate thereof) pursuant to the applicable offering and governing documents, which will be in addition to, and separate and distinct from, the advisory fees payable to us.

If an Underlying Manager is engaged to manage a portion of an Advisory Account or Advisory Account assets are allocated to an Underlying Account managed by an Underlying Manager, such Advisory Account will pay investment management fees directly to such Underlying Manager on the assets allocated or managed by it, which fees will be separate and distinct from, and in addition to, the fees and compensation payable to us on the same assets. As a result, a client will be required to pay two separate advisory fees on any Advisory Account assets allocated to an Underlying Manager, one fee payable directly to the Underlying Manager on the Advisory Account assets allocated to it and an advisory fee payable to us on the same assets.

#### Custodial and Administration Fees

Fund custody and administration fees, if any, are charged separately by the custodian or administrator and are in addition to the fees payable to us or an affiliate pursuant to the applicable governing, account and/or offering documents. Advisory Account clients are responsible for their share of any fees or expenses charged by third-party administrators or custodians and these fees and expenses are in addition to the fees payable to us.

As described in **Item 12** below, we generally recommend that Advisory Account clients utilize the custodial, brokerage, clearing and other services of Pershing Advisor Solutions, a registered broker-dealer and affiliate of Pershing, L.L.C. (collectively, "Pershing"). As compensation for its services, Pershing generally will charge Advisory Account clients a flat rate custody-based fee (the "Pershing Custody Fee") on assets held in their custodial account(s) at Pershing. The Pershing Custody Fee includes trades executed through Pershing either directly or indirectly, but does not include foreign currency trades and certain other items that will be charged directly to clients on a per execution basis. The Pershing Custody Fee is in lieu of transaction-based brokerage commissions, does not vary based on the number or size of trades in client accounts, and does not include fees for trade away execution and services in connection with transactions effected through broker-dealers other than Pershing or its agents/affiliates. The Pershing Custody Fee is charged quarterly in advance and calculated based on the average value of the custodial account on the last day of the past three calendar month ends. The Pershing Custody Fee is deducted by Pershing directly from the custodial account of each applicable client and is in addition to the advisory fee charged by us. Additional fees and expenses will be incurred for transactions executed by a broker-dealer other than Pershing or its agents/affiliates, or if a custodian other than Pershing or its agents/affiliates is used. **See Item 12 below.**

## Brokerage

Clients generally are responsible for and pay all brokerage, counterparty and other transaction fees and expenses relating to their accounts and investments. **See Item 12 below.**

## **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Except as otherwise disclosed herein, neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted under **Item 5** above, we and/or certain of our affiliates are entitled to receive performance-based compensation (including, as applicable, carried interest distributions, incentive fees and performance allocations) from or with respect to certain investors in the Funds (as described in **Item 5** above). In addition, Underlying Managers and affiliates thereof generally charge or receive performance-based compensation with respect to their Underlying Funds and accounts, which are borne, directly or indirectly, by our applicable clients and investors (for example, if a Fund invests in an Underlying Fund, such Fund, and indirectly the investors in such Fund, will bear its or their allocable share of such performance-based fee or compensation charged by the Underlying Manager and its affiliates).

In addition, Crow Family Holdings, a minority owner of CH Investment Partners, and various entities directly or indirectly owned or controlled by Crow Family Holdings have equity, profits or other interests or arrangements in or with certain Underlying Funds, Underlying Managers and/or their respective affiliates and investments by clients or the Funds in such Underlying Funds and/or Underlying Managers will or may indirectly result in additional revenues to Crow Family Holdings. With respect to certain Funds (including, without limitation, CHC DSF, DIF or a warehouse Fund), a portion or percentage of the performance-based compensation otherwise payable to us or our affiliates will be paid or allocated to, or shared with, one or more other Funds, clients, investors or other persons. For example, with respect to CHC DSF, all carried interest amounts paid or payable by investors in CHC DSF will be paid or distributed to the applicable DIF fund, and thereafter allocated to and among us (in our capacity as special limited partner) and the investors in DIF in accordance with the applicable governing documents. The right of one Fund or client to share in a portion of the performance-based fees and carried interest amounts payable by or in respect of certain other Funds and/or investors may present or raise conflicts of interest. For example, we and certain of our personnel, employees, officers, clients and affiliates thereof are direct or indirect investors in the Funds, and, to the extent applicable, will or may be entitled to share in a portion of any carried interest amounts or performance-based allocations paid or payable by investors in one or more other funds or series. In such situations, we and our personnel will or may be incentivized to recommend investments in a particular Fund to advisory clients and other persons. **See Item 10 and Item 11.**

Carried interest distributions and performance-based fees and compensation could motivate us and/or the Underlying Managers, as applicable, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The method of calculating the carried interest or performance allocations raises potential conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. In addition, to the extent that performance-based fees and allocations are calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us or an Underlying Manager (or an affiliate thereof), we or such Underlying Manager face a conflict of interest in valuing those portfolios. Certain of our individual employees, agents and affiliates (and employees, agents and affiliates of Underlying Managers) will be compensated to some extent

based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. We attempt to address these conflicts through full and fair disclosure in the applicable governing, account and/or offering documents and/or this brochure and by monitoring Underlying Managers to detect any abuses.

As discussed in **Item 12**, investment opportunities are allocated in accordance with our internal investment allocation policies and procedures, taking into account the applicable provisions of the governing, account and/or offering documents of each applicable fund.

Certain Advisory Accounts are or may be managed on a “side-by-side” basis with one or more of the Funds or other clients, and certain such accounts are charged performance-based fees while others are charged only non-performance-based fees. We face conflicts of interest in managing these accounts at the same time, including the incentive to favor accounts for which we or an affiliate receive performance-based fees over other accounts. In addition, in allocating investment opportunities, we may have an incentive to favor clients with a potential for performance-based compensation over clients with no potential for performance-based compensation. To the extent we or one or more of our personnel or affiliates are or is entitled to share in carried interest amounts payable in respect of a Fund, we and our personnel will have a financial incentive to recommend investments in such Fund to advisory clients and others. We are focused on monitoring the allocation of investment opportunities in such situations and endeavor to resolve any material conflict with respect to the allocation of investment opportunities. To reduce the effect of such incentives and conflicts, we have adopted written investment allocation policies pursuant to which we seek to allocate investment opportunities among applicable clients in a fair and equitable manner based upon various factors deemed relevant or appropriate by us or our affiliates. We generally prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to us, our affiliates or their professionals. Each client also typically has its own investment guidelines, limitations, governing agreements, and focus areas that must be taken into account when making investment allocation determinations. **See Item 12.**

## ITEM 7: TYPES OF CLIENTS

### TYPES OF CLIENTS

We provide advisory, sub-advisory and management services to various types of clients, including affiliated private pooled investment vehicles, foundations, endowments, trusts, estates, charitable organizations, family offices, corporations, other entities, high net worth individuals and families, and employees. We also provide and perform various non-advisory services for clients and other persons. We may in the future provide or perform investment advisory, management or other services with respect to other types of advisory clients (or non-advisory clients or persons).

### ACCOUNT REQUIREMENTS

#### Funds

In general, the minimum initial capital contribution or capital commitment, as applicable, required for an investor in a Fund is described in its offering documents. The general partner of each Fund has accepted and may accept lesser amounts in its discretion (subject to applicable law). With respect to certain of the Funds, amounts contributed or paid by investors in respect of management fees, fund expenses, organizational expenses and other types of expenses are in addition to, and in excess of, their respective capital commitments.

To invest in the Funds, each investor generally is required to be, among other things, an “accredited investor” and either a “qualified purchaser” or “knowledgeable employee,” as each such terms are defined in applicable U.S. securities laws.

#### Advisory Accounts

In general, our goal is for each client and/or its affiliates (other than employees) to ultimately have, in the aggregate, at least \$50 million in assets under our management, advisement or supervision. Advisory Account clients generally, among other things, (i) enter into account agreements with, and open custodial accounts at, Pershing (**see Item 12 below**), and (ii) sign investment advisory agreements that, among other things, set forth the nature and scope of our authority and the investment objections, guidelines and restrictions applicable to the Advisory Accounts. In addition, Advisory Account clients generally must meet certain net worth, net asset and/or other eligibility requirements imposed by various securities and commodities laws.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### Funds and Advisory Accounts

We intend to achieve the investment objectives of the Funds primarily by investing in, and/or allocating client assets to, Underlying Funds, Underlying Accounts, co-investments and other financial instruments. We also generally recommend that Advisory Account clients invest and/or allocate assets to one or more of the Funds and certain Underlying Funds and/or Underlying Accounts.

In selecting a new Underlying Manager or Underlying Fund, we generally consider various factors including, without limitation, current market conditions and opportunities, the Underlying Manager's historical performance across various time periods and market cycles, the Underlying Manager's reputation, experience and training, the amount of leverage employed by the Underlying Manager, the correlation of an Underlying Account or Underlying Fund with existing Underlying Accounts and/or Underlying Funds, the investment and risk management philosophy and policies of the Underlying Manager, the stability of the Underlying Manager, the composition of the investor base of an Underlying Fund and the service providers and/or consultants used by the Underlying Manager. The Underlying Managers also may be involved in a variety of strategies, including but not limited to, long/short equity, credit related, distressed investing, managed futures, arbitrage, relative value, short-biased, long only or long-biased, quantitative, volatility, global macro, reinsurance and fixed income. We and the Underlying Managers may invest through both long and short positions in an unlimited range of securities, other financial instruments, private investments and other assets throughout the world including, without limitation, equity, master limited partnerships, private equity, debt, bonds and other fixed-income securities, loans and loan participations, asset-backed securities, currencies, commodities, futures, forward contracts, warrants, options, swaps, reinsurance contracts and other instruments and other derivative instruments. We and the Underlying Managers also may employ leverage and engage in various hedging strategies.

We also may invest directly in securities, financial instruments, private investments and other assets. Direct investments may be made to, among other things, express our views regarding an attractive investment opportunity or to effect a desired hedge.

We consider various factors when making investment decisions including, without limitation, appropriate diversification and correlation among current and prospective investments, liquidity terms that are appropriate for the strategy, appropriate fee structures and appropriate alignment of interests between our client, us and/or Underlying Managers.

*The investment strategies summarized above are not intended to be comprehensive or exhaustive. With respect to each of the Funds, the information set forth above is qualified in its entirety by the information set forth in its applicable offering and governing documents. For more information regarding the investment strategies and processes of each Fund, please refer to the applicable offering and governing documents.*

## **CERTAIN RISK FACTORS**

*There can be no assurance that we or our clients or investors in a Fund will achieve their investment objectives or that investments will be profitable. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and will not necessarily apply to each client or investor. With respect to the Funds, the following risks are qualified in their entirety by the risks and conflicts of interest set forth in the applicable offering documents. Please refer to the Risk Factors and Conflicts of Interest sections in the applicable offering documents of each Fund for detailed disclosures regarding the risks and conflicts of interest applicable thereto.*

**General Economic and Market Conditions.** The success of our activities (and the activities of our clients and their investments) will be affected or impacted by and subject to general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws or regulations (including laws relating to taxation of the Underlying Funds and their investments), trade barriers, trade wars, supply chain issues and

problems, tariffs, sanctions, protectionist regulatory policies, currency exchange controls, national and international political circumstances and developments and other circumstances (including wars, epidemics and pandemics, terrorist acts, security operations and natural disasters), as well as changes in government policy precipitated by the foregoing. For example, the recent outbreak of hostilities and disputes between Russia and Ukraine could destabilize the worldwide economy and equity markets in various respects. Changes in general global, regional and U.S. economic and geopolitical conditions will affect our and a client's activities and the activities and operations of the Underlying Funds (including the Underlying Managers). Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value of client investments and interests in the Underlying Funds (and the activities and operations of the Underlying Funds, the Underlying Managers and their affiliates). From time to time, including during the beginning of the COVID-19 global pandemic and during 2008 and 2009, various markets around the world have experienced extreme periods of volatility, illiquidity, correlation with other markets, negative (or positive) performance and other disruptions and conditions that would previously have been viewed as extremely unlikely or even impossible. Such market developments have led to large losses and insolvencies at numerous investment funds soon thereafter. For example, during the second half of 2008, the state of the worldwide economy deteriorated into a severe recession. If so, or if a similar economic situation were to occur in the future, such events could have an adverse effect on the performance of our clients and their investments. No assurance can be given as to the effect of these events on any of our clients or its investment objectives (or the Underlying Funds). Global economic and market conditions have recently been materially adversely affected by the ongoing conflict between Russia and Ukraine.

There can be no assurance that general market developments in the future will not have a material adverse effect on our clients. Clients could incur material losses even if we or an Underlying Manager reacts quickly to difficult market conditions, and there can be no assurance that a client will not suffer material losses and other adverse effects from rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which we or the Funds invest can correlate strongly with each other (or cease to correlate) at times or in ways that are difficult us to predict. Even a well-analyzed approach may not protect the Fund from significant losses under certain market conditions.

The particular or general types of market conditions in which a client may incur losses or experience unexpected performance volatility cannot be predicted, and a client may materially underperform other investment funds and clients with substantially similar investment objectives and approaches.

***Force Majeure Risks.*** Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of disease and potentially other events or occurrences. Force majeure events in the United States and elsewhere in the world could adversely affect the ability of us, our clients, the Underlying Managers, the Underlying Funds, or the parties with whom we or they do business to perform their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert our and/or the Underlying Managers' time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure may also have a permanent adverse effect on the Funds or the Underlying Funds, and a client's potential returns would be diminished as a result.

***Pandemics, Epidemics, Outbreaks of Disease and Public Health Issues.*** Our business, investments and activities, and the activities, investments and businesses of our clients, the Funds, the Underlying Funds, the Underlying Managers, their investments and their affiliates, could be materially adversely affected or impacted in the future by the continuation or

worsening of the COVID-19 global pandemic, and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. The ongoing COVID-19 global pandemic has severely and materially affected (and may continue to negatively affect and materially impact) the global economy, global equity markets, regional economies, commerce, labor markets and shipping and supply chains (including as a result of quarantines, shelter-in-place orders, social-distancing measures, shut-downs, vaccine mandates, mask mandates and other government-directed or mandated measures or actions to stop or slow the spread of SARS-CoV-2 and COVID-19 or mitigate the effects or impacts of COVID-19).

Efforts, actions and measures undertaken or implemented by governments, businesses and communities to protect the public health in the face of the COVID-19 pandemic (including measures designed or intended to “flatten the curve” and protect the healthcare systems in such applicable countries and jurisdictions from collapse or undergoing significant breakdowns) have resulted in partial or complete shutdowns of many sectors of the economy generally as well as severe restrictions, limitations and consequences on the means by which we and the Underlying Managers operate their business (*e.g.*, travel restrictions or bans, mandatory quarantines, shelter-in-place orders and social distancing measures and rules), which could adversely affect or negatively impact the business, activities, financial condition, and operations of us, the Underlying Managers, the Underlying Funds and the Fund indefinitely.

As the economy and businesses attempt to resume normal operations and eliminate and ease COVID-19 related restrictions and limitations, there is a risk of recurrence of an outbreak of COVID-19 or significant mutations or changes in COVID-19, and such a recurrence or emergence or mutation of any kind of epidemic, pandemic, outbreak of disease or major public health issue could cause another slowdown or shutdown in the levels of economic activity and business activities and operations generally, or push the world or local economies into recession or depression, which adversely affect and materially impact us, our clients, the Underlying Managers and the Underlying Funds.

The impact of a health crisis such as the COVID-19 pandemic, and other epidemics, pandemics and outbreaks of disease that may arise in the future, depends on the duration and spread of the outbreak, the severity, the actions to contain, slow down or halt the spread of the virus or treat its impact, and how quickly and to what extent normal or semi-normal economic and operating conditions can resume, which could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis or deterioration of current conditions may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect client performance, resulting in losses to clients and investors.

**Potential for Fraud.** There is a risk that we or our clients will be subject to fraud or misappropriation of assets in connection with their respective businesses or investment activities and there is no assurance we or any Underlying Managers will be able to prevent all types of fraud by parties or persons with whom we, our clients, the Underlying Funds and Underlying Managers transact(s) business (including the administrator, client custodians and other service providers and vendors). We frequently will rely on financial and other information provided or made available by the issuers in which clients invest or Underlying Managers and their affiliates). We generally will have a very limited ability to independently verify the financial and other information disseminated or provided or made available by the numerous issuers in which our clients invest and will be heavily dependent upon the integrity of both the management of these issuers and Underlying Managers, and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the investments held by clients may result in material losses.

***Terrorist Attacks, War, Natural Disasters and Similar Developments or Events.*** Terrorist activities, anti-terrorist efforts, other armed conflicts involving the United States or its interests abroad and natural disasters (including outbreaks of disease, pandemics, epidemics and other public health issues) may adversely affect the United States, its financial markets and global economies and markets and could prevent us and our clients from meeting the respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, other acts of war or hostility, natural disasters, outbreaks of disease, pandemics, epidemics and other public health issues may create economic and political uncertainties, which may adversely affect the United States and world financial markets and our clients for the short or long-term in ways that cannot presently be predicted.

In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions targeting Russia and various prominent Russian politicians and citizens. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The United States and other countries could impose or announce wider or more significant sanctions and take other actions against Russia or Russian companies, politicians and citizens should the conflict further escalate or deteriorate or continue. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and supply chain and trade disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact or adversely affect our clients or their investments.

***Geopolitical Risks.*** An unstable geopolitical climate and continued threats of terrorism or war could have a material effect on general economic conditions, market conditions and market liquidity. The continued threat of terrorism and wars and the impact of military or other actions (including the conflict between Russia and Ukraine) have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, such investments may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular investments of our clients and/or Underlying Funds, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on our clients' returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for investments.

***Governmental Intervention.*** In 2008, the global financial markets underwent disruptions that led to certain significant governmental intervention. The onset and continuation of the COVID-19 global pandemic has also led, and may in the future lead, to substantial governmental intervention (both in the United States and abroad), including massive stimulus programs and legislation. Such intervention, in certain cases, has been or may be implemented on an "emergency" or unprecedented basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions are typically unclear in scope and application, resulting in confusion and uncertainty which in itself can be materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. If governmental intervention programs are unwound, there could likewise be uncertainty and adverse effects on the markets. In the case of any future market disruptions, it is impossible to

predict what interim or permanent governmental restrictions (or easing of restrictions) may be imposed on the markets or the effect of such restrictions on our clients' and/or the Underlying Funds' investment strategies.

**Changes in Government Policy.** Changes in government policy, including monetary, fiscal, tax, trade, inflation, exchange and regulatory policies, among many others, have had and will continue to have a significant effect on the economy, financial markets and our investment strategies. Any such changes could be difficult or impossible to anticipate and could have significant unanticipated or unintended consequences. In addition, changes in policy implemented or threatened by one government often lead to changes in policy by other governments, which have their own significant consequences. As just one example, tariffs imposed by the U.S. government on imports from China have led to the imposition of tariffs by China on imports from the U.S., and a similar dynamic has occurred in connection with other changes in trade policy implemented or threatened by various governments. Any of the foregoing could result in a material adverse effect on our clients.

**Inflation.** The rate of inflation has increased significantly in recent months and there is some concern that the rate of inflation will continue to increase or stay elevated for the near term. The current rate of inflation in the United States is higher than it has been in several decades and may continue to increase or stay at elevated levels over the coming months. The recent conflict between Russia and Ukraine, and the sanctions announced by the United States and other countries, have resulted in dramatic increases in the prices of oil and natural gas, which could lead to increased inflation rates in the near term. Inflation and rapid fluctuations in inflation rates have recently and in the past led to (and may in the future lead to) negative or adverse effects on economies and financial markets. For example, if an issuer is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Issuers may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an issuer may earn more revenue but may incur higher expenses. As inflation declines, an issuer may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the returns generated by clients and investors.

**Multiple Levels of Fees and Expenses.** The Funds and other advisory clients invest directly or indirectly in Underlying Funds and Underlying Accounts managed and sponsored by Underlying Managers. Investors in Underlying Funds and Underlying Accounts generally bear all of their fees and expenses, including fees of the Underlying Manager and custodian, brokerage commissions, legal and accounting fees and other expenses and fees (including organizational expenses and fund expenses) applicable with respect to such Underlying Funds and Underlying Accounts. As a result, investors in the Funds and other clients who invest directly or indirectly in such Underlying Funds and Underlying Accounts generally will indirectly bear two levels of fees and expenses – (1) management, advisory and other fees charged by us and our affiliates and their allocable share of Fund expenses, and (2) management, advisory and other fees and compensation charged by Underlying Managers of any Underlying Funds and Underlying Accounts, and their allocable share of Underlying Fund and Underlying Account expenses and costs. The foregoing fees and expenses are expected to result in a higher cost of investment, and higher fees and expenses, than would be the case if investors in the Fund and advisory clients were to invest directly in the Underlying Funds and Underlying Accounts in which the Fund or Advisory Accounts invest. As a result, the returns realized by investors in the Fund and clients will be lower, all else being equal, than the returns investors in the Funds and advisory clients would realize from engaging in the same activities directly and without our involvement.

If an Underlying Manager is engaged or retained by or on behalf of a client to manage or sub-advise on a portion of the assets in its Advisory Account, then such client will pay two separate and distinct advisory fees on the assets managed and sub-advised by an Underlying Manager: (i) an advisory fee payable directly to the Underlying Manager on such assets, and (ii) an advisory fee payable to us on such assets. Clients should carefully review any and all of our invoices and the periodic account statements from their custodian for information regarding the fee amounts paid or borne by their Advisory Accounts.

**Valuation Risks.** We generally expect to value investments and assets in Advisory Accounts and the Funds based upon the most recent valuation information provided or made available by Underlying Managers, custodians and other third-parties. We may not have sufficient information in order to be able to confirm or review or contest the accuracy of valuation information and data provided by Underlying Managers and other third-parties. Furthermore, valuation information received from Underlying Managers and other third-parties may be estimates only, and such valuations generally will be used to calculate the net asset value and management fee accruals (to the extent applicable) in respect of client accounts to the extent that current audited information is not available. Such valuations may be subject to later adjustment based on valuation information available at that time, including, without limitation, as a result of year-end audit adjustments.

We generally expect to rely on and use the most recent valuation information available or made available to us from or by an Underlying Manager or other third party, and such other factors or considerations deemed relevant by us at the time of such valuation. Such determination may be materially inaccurate, including because the information available to us was insufficient, inaccurate or out of date. It is not expected that we will make adjustments to correct such determinations to reflect information that becomes available to us at a later date, although we may make such adjustments in our sole discretion. Underlying Managers and other third parties make valuation determinations at different times and on different and inconsistent intervals, which presents various actual and potential risks. For example, certain Underlying Managers make valuation determinations on a quarterly basis, while other Underlying Managers make valuation determinations or estimates on a semi annual or annual basis, or otherwise on different timetables and reporting timeframes than other third parties.

In certain situations, we may value or estimate the value of assets internally instead of relying on one or more third parties as described above. To the extent that we value securities and assets directly, we generally attempt to determine or estimate the value of such investments at their fair value in accordance with our valuation policies and procedures (as amended from time to time). We may face actual or potential conflicts of interest with respect to such valuations as they may affect our compensation. We may obtain independent appraisals and valuations of certain assets and investments at a client's expense.

**Unlimited Range of Strategies.** Our investment activities are not limited to the strategies or types of strategies described herein. Rather, we may pursue any investment strategy determined by us to be appropriate from time to time, in our sole discretion, without any notice to investors or clients (in accordance with the applicable offering and governing documents). This unlimited range of potential investments may include substantial investments in strategies not previously pursued by us and with which we and our personnel have limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. Furthermore, since our clients invest a substantial portion of their assets in the Underlying Funds and the Underlying Accounts, our clients' performance depends to a significant degree on the strategies and activities of the Underlying Funds, Underlying Accounts and Underlying Managers (which will change from time to time). There can be no assurance that any of the investment strategies pursued by or on behalf of our clients will be successful.

**Limited Diversification and/or Risk Management Failures.** Our clients' portfolios could become significantly concentrated in a limited number of Underlying Funds, Underlying Accounts, issuers, types of financial instruments, assets, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk may increase losses. In particular, certain Funds (including warehouse or syndicate vehicles or Funds) only participate in one or a limited number of investments,

and their portfolios will not be diversified to any material extent. Limited diversification could expose clients to losses disproportionate to market movements in general. In addition, we oftentimes make and recommend investments in multiple products, funds and vehicles managed, sponsored and operated by the same Underlying Manager and its related persons, such as investments in vehicles, funds and accounts managed, sponsored, operated and established by Blue Owl Capital, Inc. and its affiliates and Crow Holdings Capital Partners, L.L.C. and its affiliates. As a result, client investments could be materially or significantly concentrated in vehicles, funds and accounts managed and sponsored by a single Underlying Manager and its affiliates, which such concentration may increase losses.

**Equity Risks.** Our clients invest in equity or equity-related investments (including investments in publicly-traded companies and private entities) which, by their nature, involve business, financial, market and/or legal risks. Holders of equity or equity-related investments generally own a residual interest in the applicable portfolio company and are junior to any obligations owed to the senior or subordinated creditors of such portfolio company.

In connection with an initial public offering of a portfolio company, the trading price of interests in such portfolio company may be highly volatile. In the event that a client or an Underlying Fund is unable to dispose of investments in such portfolio company at or above the initial public offering price, such client or Underlying Fund may experience substantial losses.

**Cash and Cash Equivalents.** The Funds and the Underlying Funds will hold cash and cash equivalents at any given time during the terms thereof. Available cash and cash equivalents generally will be held in accounts at third party financial institutions (which may not bear interest or generate income). A Fund's or an Underlying Fund's access to its invested cash and cash equivalents may be impacted by adverse conditions in the financial markets. Cash balances in operating accounts could be impacted if the underlying financial institutions fail or other adverse conditions in the financial markets occur.

**Private Equity Investments.** Investments in private portfolio companies and other private equity assets are generally illiquid and involve a significant degree of financial and/or business risk. Portfolio companies may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. The profitability and survival of portfolio companies may depend on various factors including: their ability to access sufficient sources of debt and/or financing at attractive rates, competition, changing business or economic conditions or other developments, stage of development, management team, ability to generate cash flow to meet expenses and working capital requirements, make principal and interest payments on indebtedness, or make other required payments on commitments.

**Distressed Securities.** We and the Underlying Managers may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems and "below investment-grade" debt securities, including companies involved in covenant or payment default or in bankruptcy or other reorganization and liquidation proceedings. It may be difficult to obtain information as to the true condition of such issuers and adverse interest rate movements and changes in the general economic climate or particular industries may have an inordinate impact on distressed securities. Additionally, such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims.

**Master Limited Partnership Risk.** An investment in a master limited partnership ("MLP") unit involves risks that differ from those associated with investments in similar equity securities, such as common stock of a corporation. Holders of MLP units usually have the rights typically afforded to limited partners in a partnership, and as such have limited control and voting rights on matters affecting the partnership. In addition, there is the risk that an MLP could be, contrary to its intention, taxed

as a corporation, resulting in decreased returns from such MLP. Further, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of the MLP, including those arising from incentive distribution payments.

**Primary Investment Risk.** The Funds acquire interests in primary fund investments or make other tactical investments that consist primarily of capital commitments to and investments in, Underlying Funds managed by Underlying Managers unaffiliated with the Funds or us. Identifying, selecting and investing in primary fund investments involve a high level of risk and uncertainty. The underlying investments made by primary fund investments may involve highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. The primary fund investments generally will not have commenced operations and, accordingly, will have no operating history upon which we or a Fund may evaluate their likely performance. Historical performance of the managers of primary fund investments is not a guarantee or prediction of their future performance. Many non-U.S. investment advisers are not registered as investment advisers with the SEC, making it more difficult for us to scrutinize such investment advisers' credentials. We will not have the opportunity to evaluate the relevant economic, financial and other information which will be used by the primary fund investments in their selection, structuring, monitoring and disposition of assets. In addition, we generally will not have the right to participate in the day-to-day management, control or operations of primary fund investments, nor will we generally have the right to remove the sponsors of primary fund investments.

**Energy Sector Risks.** Companies operating in the energy sector may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil and coal, in the short- and long-term. Fluctuations in energy commodity prices would directly impact companies that own such energy commodities and could indirectly impact companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy-consuming countries), market conditions, weather patterns, domestic production levels, volume of imports, energy conservation, domestic and foreign governmental regulation, international politics, policies of the Organization of Petroleum Exporting Countries ("OPEC"), taxation, tariffs, and the availability and costs of local, intrastate and interstate transportation methods.

**Natural Resource Investments.** Certain Funds invest in portfolio companies or Underlying Funds that invest in oil and natural gas, timber or other energy or natural resource interests or in oil and gas operating companies. Oil, natural gas, timber and other natural resource investments involve risks in addition to those associated with investments in operating entities, including risks associated with natural resource prices and markets.

**Derivatives.** We and the Underlying Managers use and may in the future use derivative instruments, including (among others), options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks.

In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses. In some cases, our clients', the Underlying Accounts' and the Underlying Funds' exposure under a derivative contract will be limited to the amount invested (for example, when we or an Underlying Manager

buy a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when we or an Underlying Manager write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our clients' or an Underlying Account's or Underlying Fund's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because our clients, the Underlying Accounts and the Underlying Funds acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract. Further, if and when a client, an Underlying Account or an Underlying Fund takes economic exposure through a derivative, it generally will not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to our clients, the Underlying Accounts or the Underlying Funds. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on our clients', Underlying Accounts' or Underlying Funds' liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

**High-Yield Instruments.** High yield instruments are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which are less transparent than the exchange-traded marketplace. High-yield instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt instruments tend to reflect individual corporate developments to a greater extent than do higher-rated instruments which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated instruments. Companies that issue such instruments are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such instruments and may have an adverse impact on the value of such instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments.

**Futures Contracts and Related Options.** The use of futures (i.e., commodity futures) and options on futures involves certain special and significant risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies in a portfolio which are the subject of the hedge (to the extent the client or an Underlying Manager uses futures and options for hedging purposes). The successful use of futures and options further depends on our and the Underlying Managers' ability to forecast market or interest rate movements correctly. Other risks arise from potential inability to close out futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit our or the Underlying Managers' ability to engage in futures and options transactions.

**Forward Contracts.** Forward contracts and options thereon, unlike futures contracts, generally are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of our clients, the Underlying Accounts and the Underlying Funds. Market illiquidity or disruption could result in significant losses.

**Options.** We and/or the Underlying Managers utilize options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer’s risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows greater flexibility to tailor an option to certain needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

**Swap Agreements.** Swap agreements and options on swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. An Underlying Fund, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease such Underlying Fund’s exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names.

Swap agreements tend to shift our clients’, the Underlying Accounts’ and the Underlying Funds’ investment exposures from one type of investment to another. For example, if an Underlying Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease such Underlying Fund’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of our clients’, the Underlying Accounts’ and the Underlying Funds’ portfolios. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from our clients, the Underlying Accounts and the Underlying Funds. If a swap agreement calls for payments by a client, an Underlying Account or an Underlying Fund, the client, Underlying Account or Underlying Fund must be prepared to make such payments when due. In addition, if a

counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by our clients, the Underlying Accounts and the Underlying Funds.

Whether our clients', the Underlying Accounts' and the Underlying Funds' use of swap agreements or swaptions will be successful will depend on our and Underlying Managers' ability to select appropriate transactions for our clients, the Underlying Accounts and the Underlying Funds. Swap transactions may be highly illiquid and may increase or decrease the volatility of our clients', the Underlying Accounts' and the Underlying Funds' portfolios. Moreover, our clients', the Underlying Accounts' and the Underlying Funds' bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Our clients, the Underlying Accounts and the Underlying Funds will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of our clients, the Underlying Accounts and the Underlying Funds to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect our clients', the Underlying Accounts' and the Underlying Funds' ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

**Repurchase and Reverse Repurchase Agreements.** When a client, an Underlying Account or an Underlying Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a client, an Underlying Account or an Underlying Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the client, Underlying Account or Underlying Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involve certain risks. For example, if the seller of securities to the client, Underlying Account or Underlying Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the client, Underlying Account or Underlying Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the client's, the Underlying Fund's or the Underlying Manager's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the client, Underlying Account or Underlying Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the client, Underlying Account or Underlying Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

**Hedging Transactions.** We and the Underlying Managers utilize financial instruments both for investment purposes and for risk management (hedging) purposes. The success of the Underlying Accounts' and the Underlying Funds' hedging strategies will depend, in part, upon our and the Underlying Managers' ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our clients', the Underlying Accounts' and the Underlying Funds' hedging strategies will also be subject to our and Underlying Managers' ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we and/or the Underlying Managers may enter into hedging transactions in an attempt to reduce risk, such transactions may result in a poorer overall performance for our clients, the Underlying Accounts and the Underlying Funds than if they had not engaged in such hedging transactions. For a variety of reasons, we or Underlying Managers may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent our clients, the Underlying Accounts and the Underlying Funds from achieving the intended hedge or expose

the clients, the Underlying Accounts and the Underlying Funds to risk of loss. Neither we nor the underlying funds will be required to hedge any particular risk in connection with a particular transaction or their portfolios generally.

***Due Diligence Risks; Expedited Transactions.*** Before making investments, we and our affiliates typically conduct such due diligence as we deem reasonable and appropriate in our discretion based on the applicable facts and circumstances. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and we may rely on the advice received from such third parties. Investment analyses and decisions by us may be undertaken on an expedited basis in order for a Fund or client to take advantage of investment opportunities and/or consummate investments. In such cases and in other cases where a client or Fund is acquiring a minority interest in a portfolio investment, the information available to us at the time of an investment decision may be limited, and we may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

***Non-U.S. Investments.*** Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. Non-U.S. jurisdictions also may impose taxes on a client and/or the partners in a Fund. If a Fund invests in a private foreign investment company ("PFIC") for U.S. income tax purposes and does not make a qualifying electing fund election with respect to such PFIC, such Fund and its partners may be subject to certain adverse tax consequences.

***Currency Exposure.*** We and the Underlying Managers invest and may in the future invest in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than U.S. dollars and engage in speculative trading in currencies themselves. In many cases, investments in currencies are made through financial instruments that involve embedded leverage, magnifying the risks associated with such investments. Fluctuations in the relative values of currencies could cause material losses for our clients.

***Currency Hedging.*** While interests in the Funds and interests in many of the Underlying Funds are denominated in U.S. dollars, the underlying transactions of the Funds or the Underlying Funds may be denominated in various non-U.S. currencies. Accordingly, the value of a Fund's or an Underlying Fund's investments will be affected favorably or unfavorably by fluctuations in currency exchange rates. We and/or the Underlying Managers may seek to hedge the foreign currency exposure of our clients and/or the Underlying Funds. There can be no assurance that any currency hedging or investment activities will be effective or successful, and fluctuations in the relative values of currencies could cause material losses for our clients and/or the Underlying Funds. Furthermore, there can be no assurance that we or the Underlying Funds' will attempt to hedge any overall currency exposures.

To the extent that we and the Underlying Funds enter into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if a Fund or an Underlying Fund fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. There can be no assurance that investments suitable for currency shifts will be available at the time we or an Underlying Manager wishes to use them or will be able to be liquidated when we or the Underlying Manager wishes to do so.

**Risk Arbitrage.** The difference (or “*spread*”) between the price paid by a client or an Underlying Fund for securities of a company involved in an announced merger, tender offer, exchange offer or other transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the spread will generally widen sharply, often by substantially more than a client’s or Underlying Fund’s potential profit had the transaction closed. In such event, clients and Underlying Funds would generally expect to incur material losses.

The consummation of mergers, tender offers, exchange offers and other transactions can be prevented or delayed by a variety of factors, including, among others, the following: (a) opposition of the management or shareholders of the target company, which often results in litigation to enjoin the proposed transaction; (b) intervention of a U.S. federal or state or foreign regulatory agency or other governmental body based on a wide range of potential issues, including antitrust issues, required regulatory licenses and approvals, national security matters, political considerations, effects on employees, customers and other constituencies, and many other issues; (c) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (d) an unsolicited offer by a third party; (e) the acquirer’s inability to obtain financing, including as a result of a refusal or inability of its financing sources to perform as agreed or expected; (f) in the case of certain transactions, failure to obtain the necessary shareholder approvals (or the necessary amount of shares tendered); (g) company-specific or market conditions resulting in material changes in securities prices or prospects, including changes that could cause the acquirer or its shareholders to become less interested in completing the transaction and take steps to oppose it or make its completion less likely; and (h) compliance with any applicable laws. Any of these factors, along with many other factors, some of which may be difficult or impossible to foresee, could prevent any transaction from closing or delay or threaten its closing, which would generally result in material losses to clients and Underlying Funds.

In some cases, the consideration to be paid by the acquirer will consist of a combination of cash and stock, and the ratio of cash to stock may depend on market prices or the elections of shareholders or other variables. In such cases, the actual ratio may not be known at the time a position is initiated, and trading will be based on an estimate of the likely ratio, which could prove to be inaccurate. Such an inaccuracy or other types of mistakes in trading a client’s position based on uncertain expectations about a transaction could result in material losses to such client. For example, we or a client may tender a particular security into a tender offer or exchange offer with the expectation that all or substantially of the position will be accepted. If a portion of such securities is returned to a client, the market price of the returned securities may fall substantially below their cost, resulting in a material loss to such client.

We and our clients have invested and traded, and may invest and trade, in securities of companies that we or an Underlying Manager believes are undervalued in the sense that, although they are not the subject of an announced tender offer, merger or acquisition transaction, in our view or the view of Underlying Managers the companies are potential candidates for such a transaction. In such a case, if the anticipated transaction does not in fact occur, clients may sell the securities at a loss.

**Debt Investments.** We and the Underlying Managers may invest in bonds, notes, debentures or other debt instruments issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon

obligations. We and the Underlying Managers may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. Our clients', the Underlying Accounts' and the Underlying Funds' investments may experience significant credit rating volatility. In addition, our clients, Underlying Accounts and Underlying Funds may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to a client, an Underlying Account or an Underlying Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, our clients, the Underlying Accounts and the Underlying Funds may experience substantial losses.

**Short Selling.** We and certain of the Underlying Managers make or recommend short sales or utilize short selling on behalf of clients and/or the Funds. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or other counterparty. Because the seller remains liable to return the underlying security that it borrowed from the broker or counterparty, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes clients to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for clients to borrow at reasonable costs. If a request for a return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case a client or account may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A significant "short squeeze" event occurred in January 2021 with respect to the securities of GameStop Corp (GME), where retail investors utilized Robinhood and other popular commission-free trading platforms and social media platforms to execute a "short squeeze" strategy aimed at destroying the short sale efforts of prominent hedge funds and other institutional investors who were attempting to profit from the demise of GameStop stock. The efforts of these retail investors pushed the price of GameStop stock to record levels in a very short period of time, and many hedge funds and other investors lost billions of dollars as they were forced to close out their short positions on GameStop stock in connection with the short squeeze. This situation is likely to reoccur in the future, as social media and popular commission free trading platforms have made it easier for a large number of retail investors to band together and cause disruptions in the trading strategies of hedge funds and other institutional investors. The recent controversy relating to GameStop may lead to SEC scrutiny and greater regulation of such strategies.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt or enact additional rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where a client trades have adopted or may adopt reporting requirements. If a client's short positions or its strategy become generally known, it could have a material or significant effect on our ability to implement or effect our investment strategies. In particular, it would make it more likely that other investors could cause or lead us into a "short squeeze" in the securities held short by a client, forcing us or the client to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain issuers where we seek to take or establish a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as our clients, the cost of borrowing securities to sell short could increase significantly and the availability of such

securities to our clients could decrease significantly. The SEC has adopted various restrictions or limitations on the short sale of securities which fall more than 10% in a given day (referred to as the “circuit breaker” or “modified uptick rule”). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or restrictions or limitations on short sales of certain securities or short sales with respect to certain issuers in response to significant market events. Restrictions, limits or bans on short selling would make it more difficult for our clients or us to execute or effect certain investment strategies and may have a material adverse effect on our clients’ ability to achieve their investment objectives and generate returns.

**No Market for Secondary Interests.** We and our clients from time to time acquire interests in Underlying Funds and other investments on the secondary market. The market for secondary interests in private funds and other similar investments is continuing to develop and there can be no assurance as to the number of investment opportunities that will be presented to us or our clients. In addition, completing the acquisition of an interest in a private fund or private investment generally requires the consent of the general partner of that fund or the applicable issuer and there is no assurance that we will be able to obtain that consent. There can be no assurance that we will be able to sell or otherwise liquidate any investment in an Underlying Fund or other illiquid investment or that a client will be able to dispose of its interest in an Underlying Fund or any other illiquid investments at an attractive price.

**Illiquid Instruments.** Many investments made or recommended by us, the Funds and the Underlying Managers (including interests in Underlying Funds) will be illiquid and will not provide current income. Investments may be restricted, at any given time, as to their transferability under U.S. securities laws and we and/or the Underlying Managers may be prohibited by contract from selling certain investments, as applicable, for a period of time or otherwise be restricted from disposing of such investments. In some cases, a substantial length of time may be required in order to liquidate investments. Consequently, there is a significant risk that we and/or the Underlying Managers will be unable to sell or otherwise dispose of their investments at attractive prices, or will otherwise be unable to complete any exit strategy with respect to their investments. These risks can be further exacerbated by changes in national or international economic or market conditions and changes in laws, regulations, fiscal policies or political conditions of the United States and other jurisdictions. Securities of small and medium capitalization companies may be thinly traded, resulting in decreased liquidity.

**Default and Credit Risks.** Debt obligations of corporate and government issuers involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. We, the Underlying Managers, our clients, the Underlying Accounts and the Underlying Funds will assume credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, we, the Underlying Managers, our clients, the Underlying Accounts and the Underlying Funds will often be dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on our clients, the Underlying Accounts and the Underlying Funds.

**Interest Rate Risks.** Debt securities and various other assets, as well as our clients’, the Underlying Accounts’ and the Underlying Funds’ borrowings, will subject such persons to risks associated with movements in interest rates.

**Counterparty Risks.** Our clients may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, we or they deal in connection with the investment of assets, whether engaged in exchange-traded or privately negotiated transactions.

**Co-Investments.** Certain clients co-invest (directly or indirectly) with third parties through joint ventures or other arrangements. Such investments may include risks in connection with such third party involvement resulting in negative impact on such investment, including the possibility that a third party co-venturer may have financial difficulties, may have economic or business interests or goals that are inconsistent with those of our clients or may be in a position to take (or block) action in a manner contrary to the investment objectives of our clients. We may permit certain Advisory Accounts to co-invest alongside one or more of the Funds in Underlying Funds, which may present actual or potential conflicts of interest.

**Investments in Technology-Related Companies.** We and/or Underlying Managers have acquired and may acquire positions in the securities of technology-related companies. “Technology-related companies” generally means companies engaged in offering, using, producing, selling, distributing or developing products, processes or services that are expected to provide or benefit significantly from technological advances and improvements. Investments in technology-related companies are subject to a number of risks. For example, competition among technology companies may result in increasingly aggressive pricing of their products and services, which may affect the profitability of such companies. In addition, technology-related companies (i) generally have limited operating histories, narrower product lines and smaller market shares than other businesses, which may render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns; (ii) are more likely to depend on the management talents and efforts of a small group of people, and as a result, the death, disability, resignation or termination of one or more of these people could have an adverse impact on the operations of any technology-related company; (iii) generally have less predictable operating results; (iv) may from time to time be parties to litigation; (v) may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence; (vi) may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and (vii) can be significantly affected by short product cycles, falling prices and profits, competition from market entrants and general economic conditions.

**Healthcare – Industry Risks.** We and/or the Underlying Managers invest and may invest in healthcare-related companies and in companies operating in the healthcare industry. Many healthcare-related companies are smaller and less seasoned than companies in other sectors. Healthcare-related companies may also be strongly affected by scientific or technological developments and their products may quickly become obsolete. Healthcare-related companies offer products and services that are subject to governmental regulation and may be positively or adversely affected by changes in governmental policies or laws, or the award of government contracts. A number of legislative proposals concerning healthcare have been considered and/or enacted by the U.S. Congress in recent years. These span a wide range of topics, including cost control, national health insurance (including the Affordable Care Act (“ACA”)), incentives for compensation in the provision of health care services, tax incentives and penalties related to health care insurance premiums, and promotion of prepaid healthcare plans. We cannot predict what proposals will be enacted or what effect such proposals may have on healthcare-related companies. In addition, the ACA has helped to re-shape the healthcare industry. Court decisions regarding the ACA could also positively or negatively affect the healthcare industry at large.

**Mutual Funds and ETFs.** We invest and may invest in mutual funds and exchange traded funds (“ETFs”) on behalf of clients. Mutual funds and ETFs purchase and sell securities, such as stocks, commodities and bonds (or have exposures to such securities through swaps and other derivative instruments). Some of the mutual funds and ETFs that may be purchased for client portfolios may concentrate heavily in a particular asset category or sector. These categories could include, among others, sector funds, blue chip stock funds, small capitalization stock funds, growth funds, bond funds and international funds; such funds may specialize even further on the basis of country or region of the world and engage in the use of leverage and short selling. Investors in mutual funds and ETFs generally bear all of their expenses, including fees of the investment adviser and custodian, brokerage commissions and legal and accounting fees. As a result, clients and investors will indirectly bear two levels of advisory compensation – advisory fees, management fees and other applicable fees and compensation payable

to us and our affiliates and the advisory fees charged by the investment adviser of any mutual funds and ETFs in client portfolios. The foregoing fees and expenses may be expected to result in a higher cost of investment than would be the case if clients and investors were to invest directly in the mutual funds and ETFs in which one or more of the Funds invest. As a result, the returns realized by the investors will be lower, all else being equal, than the returns investors would realize from engaging in the same activities directly.

**Reinsurance Risks.** We and various Underlying Managers and/or Underlying Funds have pursued and may in the future pursue reinsurance strategies which underwrite and/or invest in reinsurance contracts and other investments that are exposed to a variety of natural and man-made insurance risk exposures, such as storms, earthquakes, fires, floods, aviation or marine accidents, crop insurance and acts of terror, among other risk exposures. In exchange for bearing these risks, reinsurance strategies typically receive premiums from counterparties on a periodic basis. There can be no assurance that Underlying Managers or reinsurance companies will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on such positions. The performance of the reinsurance portfolio and the prices of reinsurance investments may be volatile and a variety of factors that are inherently difficult or impossible to predict, such as domestic or international economic or political developments and man-made or natural disasters, may significantly affect the results of reinsurance activities and the value of a Fund's or an Underlying Fund's investments. If an Underlying Fund or a subsidiary thereof is considered a "private foreign investment company" for U.S. federal income tax purposes, a U.S. person who owns directly or indirectly any shares or other interests in such Underlying Fund or subsidiary thereof will be subject to certain adverse U.S. federal income tax consequences.

Series B of CHC Elements previously made investments in certain high risk reinsurance contracts and similar reinsurance-related investments. While such high-risk reinsurance-related investments offer the opportunity for high absolute returns, they also involve a high degree of financial risk including, without limitation, the risk of total or substantial losses. Accordingly, each of Series B's investments are speculative, and CHC Elements and the investors in Series B could lose all or part of the principal or interest, or an amount in excess of any premium collected or specified margin deposit, if any, with respect to such investments upon the occurrence of a catastrophe or other event. No guarantee or representation is being made that Series B will achieve its investment objective or that an investment in Series B will be profitable. The performance of Series B and its investments is likely to be volatile and a variety of factors that are inherently difficult or impossible to predict, such as domestic or international economic or political developments and man-made or natural disasters, will significantly affect the value of Series B's investments. Series B is no longer being offered or made available to new investors and we expect to liquidate Series B and CHC Elements as soon as reasonably practicable.

**Side Pockets.** With respect to CHCP Value Fund, L.P. and certain of our other Funds, the applicable general partner has designated or may in the future designate certain assets or securities as "side pocket investments" to be maintained in a separate "side pocket accounts" on the books and records of the applicable Fund until otherwise determined by the general partner. Capital invested in a side pocketed investment generally is not available for withdrawal or distribution until the side pocket investment is liquidated or the general partner determines otherwise. With respect to CHC Elements and CHCP Value Fund, L.P., certain reinsurance investments are held in side pocket accounts from time to time for various reasons, including, without limitation, in an attempt to segregate certain annual holdbacks that an Underlying Manager may apply or otherwise utilize with respect to certain underlying investments (which generally relate to capital that an Underlying Manager has reserved for known or potential losses or for adverse development of claims). In such situations, we generally will attempt to match such holdbacks to the applicable participating investors through the use of the side pocket mechanism.

**Real Estate Risks.** We and our clients invest and may invest directly or indirectly in real estate assets and a variety of issuers and securities that are linked or related to real estate values or investments, including investments in companies and

Underlying Funds that own real estate properties and assets and various types of asset-backed securities and residual interests (including Underlying Funds managed or sponsored by Crow Holdings Capital Partners, LLC and its affiliates). All real estate and real estate related investments are subject to varying degrees and varieties of risk. For example, real estate investments generally are relatively illiquid and, therefore, will tend to limit our ability to vary or change a client's portfolio promptly in response to changes in economic and other conditions. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of such investments. In addition, the ability of a Fund or client to realize anticipated rental and interest income on its equity and debt investments will depend on many factors which may be beyond our or their control, including on the financial reliability of the investments' tenants and borrowers, the location and attractiveness of the properties, the supply of comparable space in the areas in which properties are located (affected, for instance, by overbuilding) and general economic conditions. There is no assurance that any direct or indirect real estate or real estate related investments will be profitable or that cash flow will be available for distribution to clients and investors. Other risks include or may include (a) changes in general economic or local conditions; (b) changes in or promulgation and enforcement of zoning, land use, building, environmental protection, occupational safety and other governmental laws and regulations; (c) changes in operating expenses; (d) changes in real estate tax rates; (e) changes in interest rates; (f) changes in costs and terms of mortgage loans; (g) unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; (h) fluctuations in energy prices and energy and supply shortages; (i) changes in the relative popularity of properties; (j) changes in the number of buyers and sellers of properties; (k) the financial condition of borrowers and of tenants, buyers and sellers of property; (l) the imposition of rent controls; (m) the ongoing need for capital improvements; (n) cash-flow risks; (o) construction risks; (p) natural catastrophes, pandemics, epidemics, outbreaks of disease and other public health issues (and governmental actions or measures in response to such developments); (q) acts of war, terrorism or civil unrest; (r) various uninsured or uninsurable risks and uninsurable losses; and (s) other factors beyond the control of us or the management of Underlying Funds. As investments in real estate generally are not liquid, there is no assurance that there will be a ready market for the investments.

Unanticipated changes in real estate prices or values in various geographic areas (or with respect to certain types of real estate properties) could result in material losses for clients and Underlying Funds. Real estate investments can also be difficult to value accurately or consistently, and even independent appraisals may differ materially from actual or realizable value. During recent years, declines in the market value of asset-backed securities, especially securities backed by subprime mortgages, have been concomitant with significant market events. Increased credit and valuation problems in the subprime mortgage market generated extreme volatility and illiquidity in the markets for securities directly or indirectly exposed to subprime mortgage loans. That volatility and illiquidity extended to the global credit and equity markets generally, and, in particular, to the high-yield bond and loan markets, exacerbated by, among other things, uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and others, decreased risk tolerance by investors and significantly tightened availability of credit. The ultimate effect of such market events cannot be predicted, nor is it known whether or the degree to which such conditions may worsen. However, changes in market conditions, uncertainty or unanticipated price changes could have a material adverse effect on our clients and the Underlying Funds.

**Initial Public Offerings.** Participation in and trading of securities with respect to initial public offerings is an investment approach in which we and certain Underlying Managers have engaged, and may in the future engage, on behalf of clients and Underlying Funds. To this end, we and/or the Underlying Managers maintain relationships with investment banks, service providers, company executives and others which may, from time to time, result in allocations to clients and Underlying Funds of securities of companies in initial public offerings. The possibility of the purchase and sale by clients from time to time of securities of companies in initial public offerings or shortly thereafter involves special risks, including a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history.

These factors could contribute to substantial price volatility for the shares of these companies and, thus, for clients. The limited number of shares available for trading in some initial public offerings may make it more difficult for clients to buy or sell shares without an unfavorable impact on prevailing market prices. Further, such risk may be exacerbated if one or more other funds or clients attempt to buy or sell the same securities as clients or Underlying Funds in any public offering. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

To the extent we or our clients participate in initial public offerings registered under the Securities Act (*i.e.*, new issues), investors or clients who are “restricted persons” under FINRA rules, as well as executive officers and directors of certain companies that have or may have certain investment banking relationships with broker-dealers selling new issues, will generally be prohibited entirely from participating in new issues in which such clients or Underlying Funds invest, unless we or an Underlying Manager determines that such persons may be allocated a de minimis amount of profits or losses from such new issues. Any investor or client that does not provide satisfactory notification to show that it is not subject to FINRA-related limitations on participation in new issues generally will be presumed to be subject to them.

To the extent a client or investor is subject to new issue limitations, and a Fund’s or Underlying Fund’s investment in an initial public offering yields high returns, that client or investor may have meaningfully lower performance than that experienced by clients and investors that are not subject to such restrictions, and to whom all or a disproportionate amount of the new issue profit will be allocated. Clients should also be aware, however, that the purchase of new issues or other initial public offerings involves greater risk than securities trading in general. Although many investors typically assume that new issues and other securities in an initial public offering will open at a price higher than their initial price, and that they will continue to trade at a premium until they are liquidated, there is no guarantee that either of these scenarios will occur. The prices of newly issued securities may not increase as anticipated and, in fact, may decline more rapidly. In that case, to the extent that new issues losses are incurred, all or most of such losses will be allocated to non-restricted clients and investors, and the investment returns of such clients and investors will be negatively impacted as a result. This result may be multiplied for clients and investors depending on the proportion of restricted and unrestricted investors in a Fund or Underlying Fund. We and the Underlying Managers generally are not obligated to limit the number of restricted investors in the Funds and Underlying Funds, and if there is a large proportion of restricted investors, then new issues profits could significantly enhance, while new issues losses could disproportionately diminish, the investment returns of non-restricted investors compared to what they would be if no investors were restricted.

***Private Investments in Public Equity.*** We and our clients are involved in private investments in public equity (“***PIPEs***”). PIPE transactions may involve the sale of common stock, convertible preferred stock, convertible debentures, warrants, or other equity or equity-like securities of an already-public company. In a PIPE transaction, a client or fund may bear the price risk from the time of pricing until the time of closing. Generally, in a PIPE transaction, a client or fund would enter into a definitive purchase agreement with the company in which it commits to purchase securities at a fixed purchase price and the issuer would not be obligated to deliver additional securities to such client or fund in the event of fluctuations in stock price or otherwise. In a PIPE transaction, a client may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC’s preparedness to declare effective a resale registration statement covering the resale from time to time of the shares sold in the private placement. A client’s ability to dispose of securities acquired in PIPE transactions may depend upon the registration of the resale of the acquired securities. Any number of factors may prevent or delay a proposed registration, or limit the number of securities which can be registered, and once effective there can be no assurance that the registration will remain in effect. While it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 of the Securities Act or

otherwise under the U.S. federal securities laws, the availability of this alternative can be (i) significantly limited where a client's ownership of securities of the issuer, or its relationship with the issuer, could result in a client being considered an affiliate of the issuer or (ii) delayed where the issuer is not current in its public information reporting requirements. As a result, clients may not be able to liquidate PIPE securities quickly, and the delay in the opportunity to sell such securities could expose clients to the risk of a lower available market price when a client has the ability to sell the securities.

**Special Purpose Acquisition Companies.** We make or recommend investments in special purpose acquisition companies ("**SPACs**") and securities related or relating thereto, which are publicly traded companies formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, to the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies.

**Risks of Investments in Special Situations.** We invest and recommend investments in "event-driven" and other special situations, such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. We or an Underlying Manager could be incorrect in our or its assessment of the downside risk associated with such investments, thus resulting in significant losses to clients and Underlying Funds. Investments in such securities often are difficult to analyze or may have limited trading histories or in-depth research coverage. Moreover, in certain situations we or our clients may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

**Minority Investments.** We make or recommend minority equity investments in portfolio companies where we or our clients may have more limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of our clients, and we or our clients may not be in a position to limit or otherwise protect the value of their Investments in such portfolio companies. A client's control over the investment policies of such portfolio companies may also be limited, as the sponsor of any such investment opportunity will be setting the strategic direction of the applicable portfolio company, setting and approving budgets with management, hiring and firing management, executing acquisitions or major capital projects, deciding on changes to the capital structure, and determining the timing, manner and exit of the Investment in such portfolio company. This could result in client investments being frozen in minority positions that incur substantial losses. In addition, if a client takes a minority position in publicly-traded securities as a "toehold" investment, such publicly-traded securities may fluctuate in value over the limited duration of such client's investment in such securities,

which could potentially reduce returns to investors. Therefore, there can be no assurance that clients will be able to realize the value of any such investments and distribute proceeds in a timely manner.

**Risk of Syndication Activities.** In order to facilitate the acquisition of an interest in an Underlying Fund or portfolio company or other issuer, a Fund may make (or commit to make) an investment in a company or issuer with a view to selling or syndicating all or a portion of such investment or interest to one or more co-investors (including to co-investors in a syndicated co-investment vehicle or Fund managed by us or an affiliate) or other persons prior to, at the time of or after the closing of such acquisition. In such event such Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold at unattractive terms and that, as a consequence, a Fund may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio or may realize lower than expected returns from such investment. The risk of not being able to syndicate may increase in the event an investment decreases in value during the syndication period, and a Fund may be required to bear losses in connection with such investment.

**Warehousing Arrangements.** Under the terms of the applicable governing documents, we reserve the right to establish a fund or vehicle (each, a “warehousing vehicle”) that is controlled by us or an affiliate and the economic interests of which are owned by one or more clients and investors (including one or more holders of a direct or indirect interest in us or an affiliate). A Fund may be established or permitted by us or an affiliate to purchase or acquire from any warehousing vehicle, and any warehousing vehicle will be permitted to sell or transfer to such Fund, certain securities and/or other investments acquired by such warehousing vehicle with the intended purpose of selling such securities and/or other investments (or a portion of such investments) to such Fund, a parallel fund, a co-investment vehicle and/or any alternative investment vehicle (“Warehoused Investments”). We and certain of our personnel or employees may hold direct or indirect economic interests in warehouse vehicles. The arrangements with such warehousing vehicle generally (i) obligate a Fund to acquire Warehoused Investments from such warehousing vehicle and (ii) permit us or the managing member or general partner to require the warehousing vehicle to sell Warehoused Investments held by such warehousing vehicle to such Fund, in each case upon certain conditions and terms (including purchase price, calculated at the warehousing vehicle’s original acquisition cost for such Warehoused Investments plus such Fund’s pro rata or allocable share or portion of certain costs and expenses (including an allocable share of the organizational expenses of the warehousing vehicle, all costs and expenses incurred in connection with the transfer or sale of Warehoused Investments to the Fund, and an allocable share of the expenses and costs incurred by the warehousing vehicle in connection with the acquisition and holding of such Warehoused Investments). In certain instances, a Fund may also be required to pay an additional amount calculated at a fixed percentage per annum to a warehousing vehicle. Although warehousing vehicles are generally expected to provide us and the Funds with additional investment flexibility and the fixed pricing arrangement is intended to reduce potential conflicts of interest, as a result of utilizing a warehousing vehicle, it is possible that a Fund could be required to purchase or acquire such Warehoused Investments at an undesirable point in time or at a price at which a Fund otherwise may not have made such purchase absent such obligation. Our employees, personnel and affiliates may own direct or indirect interests in warehousing and syndication vehicles, or otherwise participate in such vehicles.

**Leverage and Borrowing.** Client and Underlying Fund investments are expected to include companies or issuers whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the company or its industry. Additionally, the securities acquired by clients or the Underlying Funds may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss.

Furthermore, it is expected that our clients and the Underlying Funds will engage in certain investment activities that involve borrowing or the use of leverage, which may include the use of credit default swaps or total return swaps or other derivative instruments. While leverage and borrowing presents potential opportunities for increasing a client's and the Underlying Funds' total return, it may potentially increase losses as well. Accordingly, any event that adversely affects the value of an investment by a client or underlying fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a client or an Underlying Fund in a market that moves adversely to such client's or such Underlying Fund's investments could result in a loss to such client or such Underlying Fund that would be greater than if leverage had not been used, including loss of the entire investment and also the possibility of loss exceeding the original amount of a particular investment. To the extent that a client or any Underlying Fund engages in any borrowing or utilizes leverage, it will be subject to the risks normally associated with debt financing, including those relating to the ability to refinance and the insufficiency of cash flow to meet principal and interest payments, which could significantly reduce or even eliminate the value of such client's or such Underlying Fund's investment. Leveraging the capital structure will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to a client or any Underlying Fund receiving a return. Also, if an asset of a client or an Underlying Fund is mortgaged or otherwise used as collateral to secure repayment of indebtedness and such payments are not made, the asset could be foreclosed upon by the lender or otherwise transferred to the lender.

There are also financing costs associated with leverage and borrowing and such costs will be borne by a client and the applicable Underlying Funds and therefore may adversely affect the rate of returns obtained by such client and such Underlying Funds. In addition, each leveraged investment will involve interest rate risk, including to the extent that financing charges for such leveraged investment are based on a predetermined interest rate. A client's or Underlying Fund's assets, including any investment made by such client or such Underlying Fund and any capital held by such client or such Underlying Fund, will be available to satisfy all liabilities and other obligations of such client or such Underlying Fund. If the client or an Underlying Fund defaults on secured indebtedness, the lender may foreclose and such client or such Underlying Fund could lose its entire investment in the collateral for such loan. If a client or Underlying Fund itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such client's or such Underlying Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Furthermore, to the extent that a client or an Underlying Fund draws capital from a subscription line or credit facility to fund investments (rather than drawing down capital from undrawn capital commitments of investors), the amount and timing of contributions and distributions to the investors may be affected in a manner that in some circumstances could be potentially adverse to the investors.

No assurance can be given that financing for any client's investments will be obtained by such client, or obtained on favorable or acceptable terms. In addition, once initial financing is obtained by a client, no assurance can be given that such financing will subsequently be available throughout the life of such client or any individual investment, or that replacement financing can be obtained as intended by us. If a Fund or an Underlying Fund is unable to obtain financing, this may have a material adverse effect on such Fund's or such Underlying Fund's ability to achieve its investment objectives and the return on invested capital.

***Use of Subscription Lines and Credit Facilities.*** Certain Funds will enter into or has entered into one or more credit facilities or other borrowing arrangements pursuant to which some or all of such Funds' portfolio assets and/or the unfunded capital commitments of the investors have been or may be charged, pledged or assigned as collateral security for (a) amounts borrowed by such Funds and/or (b) guarantees by such Funds of any such financing vehicle's obligations. Such credit facilities or guarantees are or may be secured by an assignment and/or pledge of the Investors unfunded capital commitments and/or a client's assets or investments. In relation to the above, the general partner of a Fund may (i) pledge or assign any or all of the assets of the Fund including the investors' unfunded capital commitments as collateral or security for the financing of the

Fund and (ii) pledge, assign or delegate to third party lenders (or their agent) the right to (a) deliver drawdown notices on behalf of the Fund with respect to capital commitments, the proceeds of which will be deposited into an account of the Fund that may be subject to a lien, security interest, pledge in favor of the third party lenders (or their agent) and may be used to pay outstanding amounts in respect of any such financing and borrowing, (b) enforce all available remedies against investors that fail to make such capital contributions pursuant to drawdown notices and (c) declare and treat such Investors as defaulting investors to the extent provided in the applicable governing documents. Any such credit facilities may provide for joint and several liability with respect to a Fund and any other investment funds managed or advised or sponsored by us or an affiliate thereof; *provided* that to the extent that a Fund pays any such amounts on behalf of any other investment fund sponsored or managed by us or an affiliate, such other fund will, to the fullest extent permitted by applicable law, be required to indemnify and reimburse such Fund (and vice versa). Investors may be required to acknowledge their obligation to pay their share of such indebtedness up to the amount of their unfunded capital commitments or to acknowledge the right of such lender to call on such investors, and may be limited in their ability to use their interests as collateral for other indebtedness or in their ability to transfer their interests. In relation to the above, each investor may have to, for the benefit of any third party lenders (or their agent), acknowledge its obligations to (A) make contributions, (B) fund direct payments to an account of the Fund pursuant to the applicable governing documents in an amount not to exceed such investor's uncalled capital commitment, (C) execute and deliver such documents as may be reasonably required to acknowledge and perfect the security interest in its uncalled commitment as provided in the applicable governing documents, and (D) for so long as such financing or borrowing is in place, agree (i) to waive any present or future claims or rights, as well as any right of retention, defense, privilege, right of set-off, any counterclaim or any similar rights it may have in respect of its uncalled commitments or its contributions and its payments obligations in connection therewith, and (ii) to acknowledge and accept that any other claims that such investors may have against a Fund, or against the general partner solely in respect to claims on such Fund's assets, will be subordinated to any payment due to the lenders (or their agent) under such financing or borrowing. In addition, investors may be required to execute and deliver such documents and take such actions as may be necessary or desirable, as determined by the general partner in its sole discretion, to obtain, maintain and comply with the terms of such credit facility. The governing documents of a Fund may provide a lender with the right to receive detailed due diligence and credit related information regarding the investors. We or the general partner of a Fund reserves the right, in its sole discretion, to waive these requirements for certain investors, which may have an adverse effect on a Fund's ability to obtain such credit facility and/or the terms thereof. Capital calls, including those used to pay interest on subscription lines, asset-backed facilities and other indebtedness of a Fund, may be "batched" together into larger, less frequent capital calls, with the Fund's interim capital needs being satisfied by Fund borrowing money from such credit facilities. In particular, capital needs of a Fund during the fundraising period may be met through drawdowns from such credit facilities rather than capital calls. The interest expense and other costs of any such borrowings will be fund expenses and, accordingly, decrease net returns of such Fund. In addition, the use of a subscription-based credit facility may present conflicts of interest because the interest rate on such borrowings are typically less than the rate of the preferred return and such preferred return does not accrue on such borrowings but only accrues on capital contributions when made. As a result, use of such interim leverage arrangements with respect to investments may reduce or eliminate the preferred return received by certain investors and accelerate or increase carried interest distributions payable to us, providing us with an economic incentive to fund investments through longer-term borrowings in lieu of drawing down commitments. As a general matter, use of borrowings in lieu of drawing down commitments amplifies IRRs (either negative or positive) to investors. Subject to the limitations in the applicable governing documents, the use of a subscription-based credit facility by a Fund will be within the general partner's discretion.

**Defaulting Investors.** The governing documents of certain of the Funds provide for significant adverse consequences in the event an investor defaults on its capital commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting investor may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that may be paid over a certain period of time, without interest. A defaulting investor or an investor who fails to contribute or pay any amounts to a Fund when due may be subject to various

other adverse actions and consequences. Whether and how to exercise the general partner's remedies against a defaulting investor will be in the sole discretion of the general partner, and the general partner may require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor.

***Environmental, Social and Governance Matters.*** While ESG is only one of the many factors we or Underlying Managers could consider in making or considering investments, there is no guarantee that we or Underlying Managers will successfully implement and make investments in companies that create positive environmental, social or governance ("ESG") impact while enhancing value and achieving financial returns. To the extent that we or Underlying Managers' focus on companies' ESG-related practices and potential enhancements thereto, such focus may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful focus on ESG matters will depend on our or an Underlying Manager's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on our or an Underlying Manager's view of certain ESG-related and other factors and carries the risk that our clients or Underlying Funds may underperform clients or funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by us or Underlying Managers. Consideration of ESG factors may affect a client's or Underlying Fund's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact a client's performance depending on whether such investments are in or out of favor. Applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by us or Underlying Managers or any judgment exercised by us or Underlying Managers will reflect the beliefs or values of any particular investor. In evaluating a company, we and the Underlying Managers are dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause us or Underlying Managers to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue, and are evolving accordingly, and a company's ESG-related practices or our or an Underlying Manager's assessment of such practices may change over time. Notwithstanding anything herein to the contrary and for the avoidance of doubt, it is not contemplated that we will subordinate any client's investment returns or increase any client's investment risks as a result of (or in connection with) the consideration of any ESG factors, unless otherwise directed by an applicable client.

ESG considerations and responsible investing practices as a whole are evolving rapidly and there are different frameworks, methodologies, and tracking tools being implemented by other asset managers. Therefore, our or an Underlying Manager's approach to ESG considerations may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. We not intend to independently verify certain of the ESG information reported by companies. Further, we or an Underlying Manager may determine in our or its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives (either with respect to certain clients or in general) based on cost, timing or other considerations determined in their sole discretion. To the extent that we or an Underlying Manager engage(s) with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of us or Underlying Managers will depend on our or their skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Finally, there is also growing regulatory interest, particularly in the U.S., UK and European Union (which may be looked to as models in growth markets), in improving transparency around how asset managers, among others, define, measure and disclose impact of ESG factors on the performance of any fund, account or client. Any applicable ESG considerations could become subject to additional regulation in the future (including pursuant to the various legislative initiatives stemming from the action plan on sustainable finance adopted by the EU Commission in March 2018 such as the

Sustainable Finance Disclosure Regulation and the Taxonomy Regulation), and we cannot guarantee that investments will be able to comply with future reporting frameworks, regulatory requirements, or best practices.

**Dynamic Investment Strategy.** While we generally intend to seek attractive returns for our clients primarily through making public and private investments of the nature and type described in this brochure and the applicable offering and governing documents of the Funds, we may, in our sole discretion, pursue or cause the Funds or our clients to pursue, engage in or seek additional investment strategies or new or unique (or previously undisclosed) strategies and may modify or depart from or deviate from our or their initial investment strategies and processes and investment techniques as we deem or determine to be appropriate in our sole discretion. In particular, we or a Fund may employ or utilize a variety of investment, hedging and financing techniques and invest in any other instruments or investments that we believe are appropriate in our sole discretion and consistent with the applicable Fund's or client's investment objective, whether or not such techniques or investments are specifically described or disclosed in the applicable offering or disclosure documents. Consistent with its investment objective, a Fund or a client may invest in financial instruments of any and all types, which exist now or which may hereinafter exist in the future.

#### Other General Risks

**Cyber Security Breaches and Identity Theft.** We, our clients, the Funds and our service providers depend on information technology systems and, notwithstanding the diligence that we perform on applicable service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, our clients, the Funds and our service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our clients or individual investors by interfering with our operations and/or the operations of the Funds. The Funds or our other clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose us or the Funds to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

Our service providers and service providers and vendors to our clients and their respective affiliates are subject to the same cybersecurity risks and threats as us, our affiliates and the Underlying Managers. If a service provider or vendor fails to adopt

or adhere to adequate cybersecurity and data security policies, or in the event of a cybersecurity breach or a breach of its networks, information relating to the transactions of our clients and the Funds and personally identifiable information and non-public personal information of our investors and clients and their affiliates may be lost or improperly accessed, used or disclosed.

**Privacy and Data Protection Risk.** We, the Funds, the Underlying Managers and the Underlying Funds will process personal information, including by storing and maintaining personal data related to their respective members, affiliates, employees and representatives, natural person investors, service provider representatives, customers and others. Such processing of personal information, which may also include the use of third-party processors and cloud-based services, will impose legal, operational and regulatory risks on us, the Underlying Managers and the Underlying Funds. In recent years, there has been an increase in legal requirements relating to the collection, storage, use and transfer of personal information, and the legal framework around such matters is expected to continue to develop at both the international and state level. Certain of our activities or the activities of the Underlying Funds, the Underlying Managers and/or their respective affiliates may, for example, be subject to the California Consumer Privacy Act and other foreign, federal and state privacy laws such as the European Union's General Data Protection Regulation. We and our affiliates may not be able to accurately anticipate the ways in which regulators and courts will apply or interpret the law, and implementation, interpretation or application of privacy and data protection laws in a manner inconsistent with our expectations may adversely affect our clients. For example, the failure of us, or one or more of our affiliates providing services to clients, to comply with privacy and data protection laws could result in negative publicity, operational disruptions, and may subject us or our clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties and mandatory remediation. The same risks will apply to the Underlying Funds, the Underlying Managers and their affiliates should they fail to comply with privacy and data protection laws. If we, the Underlying Funds, the Underlying Managers or one or more of their respective affiliates uses or discloses information improperly or suffers a security breach impacting personal information, they may be obligated to notify government authorities, stakeholders or individuals affected, which may divert our and the Underlying Managers' (and their affiliates) time and effort and entail operational disruptions, loss of market confidence and goodwill and substantial expense, particularly if any litigation or enforcement action or mandatory remediation were to also arise out of such breach.

**Risks of Electronic Communications.** We provide or make available to our clients and investors (a) statements, reports and other communications relating to client accounts, annual and other updates of our consumer privacy policies and procedures, (b) all notices and communications required or contemplated to be delivered to such clients and investors by us, clients and their respective affiliates including Schedules K-1, (c) all notices and communications relating to us or the general partners of the Funds (including our Form ADV, Part 2, privacy policy and any other communication required under the Advisers Act or otherwise) and (d) funding notices, distribution notices, and any other requests, demands or other communications and any financial statements, reports, schedules, certificates or opinions required to be provided to clients and investors under the applicable governing and account documents, in electronic form, such as e-mail or posting on a web-based reporting site or other Internet service (including virtual data rooms), in lieu of or in addition to sending such communications as hard copies via fax or mail.

There are certain costs (e.g., on-line time) and possible risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, we cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an Internet-based system. E-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient. In addition, reliance on electronic

communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons, which may delay or prevent receipt of reports or other information by clients and investors. We make no assurances, representations or warranties in relation to these matters. We reserve the right to intercept, monitor and retain e-mail messages to and from our systems as permitted by applicable law. See also “*Cybersecurity Risk*” below.

***Transactions with Investors and Co-Investors.*** We and our affiliates from time to time engage in transactions with actual or prospective investors in a Fund, advisory clients and co-investors (including persons or entities affiliated or associated with advisory clients or their affiliates) that entail business benefits to such investors or clients. Such transactions may be entered into prior to, or coincident with, an investor’s admission to a Fund (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to one or more advisory clients and their respective investments or portfolio companies. Examples include the ability to co-invest alongside advisory clients, sales of companies or assets to investors or clients, loans to co-investors or joint venture partners by us or our affiliates. An advisory client may sell investments to any third party, including investors in a Fund or any advisory clients.

***Limited Access to Information.*** Investors’ rights to information regarding a Fund will be specified, and limited, as further set forth in the applicable governing documents. In particular, it is expected that we or the general partner will obtain certain types of material non-public information from investments that will not be disclosed to the investors because such disclosure is prohibited for contractual, legal or similar obligations outside of our control. For example, a prospective investment or proposed investment or company may restrict our ability to disclose certain investment information to the investors. Decisions by us to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interest may have difficulty in determining an appropriate price for such interest. Decisions to withhold information also may make it difficult for investors to monitor our or a Fund’s performance.

***Ongoing Engagement of Service Providers.*** We and our personnel have cultivated and developed an extensive network of service providers and industry contacts that we leverage to source, finance, execute, improve, maintain and support the various investments and other transactions we undertake or recommend on behalf of our clients. We believe that maintaining and expanding this network, as well as our reputation, can provide us and our clients with a valuable competitive advantage in sourcing, executing and capitalizing on investment opportunities. In making decisions regarding, for example, the retention of service providers, the making of certain investments and related trading strategies (including, without limitation, in connection with new issues), we may and often will consider and give weight to the longer-term strategic value such actions may contribute to our continued cultivation and maintenance of such networks and reputation, including for the benefit of other or future clients of us (other than the Funds) or other investment opportunities, and not just to the near-term ramifications of such action on any particular Fund or client, even if such client or Fund would bear all of the costs and risks associated with such action. For example, we may choose to engage certain bankers or brokers other service providers in connection with a client’s or Fund’s activities, even though such services may be better provided by other persons, in order to cultivate relationships with such bankers or brokers for the benefit of future investment opportunities in which one or more clients will not necessarily be able to participate or from which a client or Fund will not necessarily receive a benefit.

Investors are not contractual parties to the agreements with service providers of the Funds, including, without limitation, third-party administrators, the auditor and the prime broker(s), and therefore investors in the Funds and Underlying Funds will not be able to bring any contractual claims against any such service provider. In addition, pursuant to investment management agreements, we are also a service provider to the Funds. Only the Funds and/or certain of their affiliates have or may have a right to enforce the contracts with service providers. Any action sought to be taken by an investor or client directly against any such service provider may result in the service provider calling on its indemnity from a Fund, if applicable.

**Failure to Implement Adequate Business Continuity Plans.** Should we, or any of our, the Funds' or the Underlying Funds' critical service providers, or issuers in which our clients or the Funds or Underlying Funds invest, experience a significant local or regional disaster or other significant business disruption, our or such other entity's ability to remain operational will depend in part on the safety and availability of our or such other entity's personnel and office facilities, and the proper functioning of our or their network, telecommunication and other related systems and operations. We attempt to establish appropriate backup systems and contingency plans, but we cannot ensure that they will be adequate under all or any applicable circumstances or that material interruptions and disruptions will not occur. In addition, we rely to varying degrees on outside vendors (including third-party administrators and information technology service providers) for disaster recovery support, and we cannot guarantee that these vendors will be able to perform in an adequate and timely manner. Failure by us, or any of our or any Fund's critical service providers, to implement adequate business continuity plans, including system backup facilities, would impede our ability to operate in the event of a significant business disruption, which could result in financial losses to our clients and investors.

**Sanctions Compliance Considerations.** Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict us, the Funds, the Underlying Funds, the investments in which we, the Funds or the Underlying Funds invest and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Asset Control ("**OFAC**") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC restricted countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict a client's direct or indirect investment activities in certain countries. The economic sanctions and related laws of different jurisdictions in which clients make investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by us, the Funds, the Underlying Funds, the Underlying Managers or any of the investments in which they directly or indirectly invest to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

**Tax Risks and Payment of Taxes.** There are a number of tax risks associated with investments in the Funds and Underlying Funds. In particular, investors in such Funds and Underlying Funds are taxed annually on the Funds' and Underlying Funds' income and realized gains, if any, whether or not they receive any distributions from such Funds and Underlying Funds. The Funds and Underlying Funds generally do not intend to make regular annual cash distributions to investors, and investors may only request or demand withdrawals or make redemptions in limited circumstances in accordance with the procedures for withdrawals set forth in the applicable governing documents (and subject to the restrictions and terms set forth in the applicable governing documents). Accordingly, it is possible that investors will bear income tax liabilities with respect to their interests in a Fund or Underlying Fund without receiving any distributions to defray such tax liabilities.

**Potential Changes in U.S. Tax Laws.** Changes in U.S. tax laws or legislation, as well as possible future U.S. tax legislation and administrative guidance, could materially affect the tax consequences or implications of clients and investors (including a client's or investor's investment in the Funds or Underlying Funds, and the tax treatment of the Funds' or Underlying Funds' investments. While some of these changes may be beneficial, others could negatively affect the after-tax returns of the Funds, the Underlying Funds and our clients and investors. Accordingly, no assurance can be given that the currently anticipated tax

treatment of an investment (including any investment in a Fund or Underlying Fund), or investments made by clients, Funds and Underlying Funds, will not be modified by legislative, judicial or administrative changes or guidance, possibly with retroactive effect, to the detriment of our clients and investors.

***Delayed Tax Information.*** A Fund or Underlying Fund may not be able to provide final Schedules K-1 to investors for any given fiscal year until after the initial filing deadlines for tax returns. Final Schedules K-1 may not be available until completion of a Fund's or Underlying Fund's annual audit. Investors should plan to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

***U.S. Taxation of Carried Interest.*** U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds and Underlying Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Funds, the Underlying Funds, us, the Underlying Managers or their affiliates who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for us, the Underlying Managers and their affiliates to incentivize, attract and retain individuals to perform services for the Funds and Underlying Funds. This could also create an incentive for our personnel and the personnel of the Underlying Managers to cause Funds and Underlying Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

***Presentation of Performance.*** For most clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as taxes applicable to an investor because of its domicile). With respect to any particular investment vehicle, differences in timing of an investor's investment to the vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

***Past and Current Relationships and Arrangements with Crow Family Holdings and its Affiliates.*** We and our affiliates have certain past and current (and former) relationships, arrangements, affiliations, interactions and connections with Crow Family Holdings and affiliates thereof which present or may present or raise actual and potential conflicts of interest. In particular, as a result of these past and current arrangements, relationships and interactions, we may be incentivized to take actions or make determinations that benefit, are favorable to or are in the best interests of Crow Family Holdings and its affiliates (as opposed to taking actions and making determinations or recommendations that are solely in the best interests of each client or our clients generally). Crow Family Holdings and the Crow family are significant advisory clients of CH Investment Partners, and a material portion of our total assets under management currently consists of assets of Crow Family Holdings and the Crow family. As one of our largest and most important clients and relationships, we may have an incentive to take actions and make determinations and recommendations that are beneficial and favorable to Crow Family Holdings and its affiliates in order to retain Crow Family Holdings as a client (including an incentive to make or recommend investments in vehicles or products managed, sponsored or controlled directly or indirectly by Crow Family Holdings). We make and recommend investments in vehicles, funds and products managed, sponsored, established and advised by affiliates of Crow Family Holdings, including vehicles, funds and entities managed by Crow Holdings Capital Partners, L.L.C. and its affiliates, and such investments and recommendations involve conflicts of interest.

Prior to November 1, 2019, our advisory business was operated as a division of the Crow Holdings Capital Partners, L.L.C. (d/b/a Crow Holdings Capital – Investment Partners ("CHC-IP")), a majority of which was owned by Crow Family Holdings.

Effective as of November 1, 2019, we acquired the advisory business of CHC-IP in a spin-out transaction and Crow Family Holdings currently only owns a minority (currently less than 20%), non-voting, ownership interest in us. Crow Family Holdings currently is a passive and minority equity owner, does not control, is not affiliated with and is not involved in the management or operations of, us or the Funds. With that being said, pursuant to our governing documents, Crow Family Holdings has certain consent and approval rights with respect to certain significant matters or actions involving or affecting us and our affiliates. Our policy is to make decisions and recommendations with respect to each client that we reasonably believe in good faith to be in the best interests of such client, as opposed to taking actions or making determinations that are intended to favor ourselves, our affiliates or Crow Family Holdings.

In connection with the closing of the spin-out transaction (as referenced above), we and certain of our affiliates entered into a License Agreement with Crow Family Holdings (the "License Agreement"), pursuant to which Crow Family Holdings granted us and our affiliates a non-exclusive, non-transferable, terminable license to use certain trademarks of Crow Family Holdings in our name and in the names of the Funds and various other funds managed by us, and we are obligated to pay to Crow Family Holdings continuing royalties equal to a percentage of our revenue and certain other payments. In light of the importance of such trademarks to our business and the terms and provisions set forth in the License Agreement, we may be further incentivized to take actions or make decisions or recommendations with respect to prospective investments or otherwise that are in the best interests of, or more favorable or beneficial to, Crow Family Holdings and its affiliates as opposed to our advisory clients in general. Notwithstanding the foregoing, our policy, as described above, is to take actions that we reasonably believe to be in the best interests of all of our clients, as opposed to taking actions that are primarily designed or intended to benefit or be favorable to Crow Family Holdings, us or their affiliates. We and our affiliates face and may face or be presented with various other conflicts of interest as a result of our or their past and current relationships, arrangements and agreements with Crow Family Holdings and its affiliates.

The activities of Crow Family Holdings, the Crow family and various entities owned or controlled (directly or indirectly) by Crow Family Holdings and their respective affiliates and the rights of Crow Family Holdings under the License Agreement and the governing documents of CH Investment Partners, present and may present actual or potential conflicts of interest, including, but not limited to, the conflicts disclosed herein. **See Item 10 and Item 11.**

**Conflicts of Interest.** Various actual and potential conflicts of interest exist (and may exist) among us, the Funds, our principals, personnel and employees, our advisory clients and investors (and persons and entities associated with such clients or investors), Crow Family Holdings, entities owned or controlled (directly or indirectly) by Crow Family Holdings, the Underlying Funds, Underlying Managers, their respective affiliates, owners, principals, directors, officers, employees and/or agents, including actual and potential conflicts of interest related to fees, portfolio composition and valuation, selection of counterparties and best execution, principal and cross transactions and other related party or conflicted transactions, treatment of other Investors, limitation of liability, indemnification, allocation of investment opportunities among various applicable advisory clients (including other Funds), allocation of expenses between and among our applicable clients, the Funds, us and/or other persons, economic and financial interests of Crow Family Holdings, members of the Crow family and affiliates thereof, outside business activities and personal trading. Investors ultimately will be heavily dependent upon the good faith of us, our employees and personnel and the Underlying Managers. During any Fund's term, many different types of conflicts of interest may arise and this brochure does not purport to address or disclose all potential conflicts.

For example, we currently manage and advise various pooled investment vehicles, funds and accounts, and we may in the future manage or advise other funds, vehicles, accounts and/or clients, which presents the possibility of overlapping investments or investment objectives or mandates with our current Funds and clients, and thus the potential for conflicts of interest. In particular, various funds, vehicles, accounts and/or clients managed, sponsored or advised by us or an affiliate

have or may have the same or similar investment strategies, investment objectives and programs and invest alongside one another in certain investments. Investors will have no ability to challenge or have input or control over the allocation of investment opportunities by us. We generally have broad and expansive authority and discretion to allocate investment opportunities between or among our applicable clients, notwithstanding any actual or potential conflicts of interest that exist or may exist. For example, management fees, performance fees or allocations, incentive fees and liquidity provisions differ or may differ or vary materially or significantly among or between funds, vehicles, accounts and/or clients that are managed, or may in the future be managed, sponsored or advised, by us, creating economic or other incentives for us to allocate investment opportunities to certain clients over other clients. See **Item 10, Item 11 and Item 12.**

***Recently Proposed Private Fund Adviser Rules.*** More than a year ago, the SEC proposed new rules and rule amendments under the Advisers Act that could significantly impact and effect private fund advisers, including those registered with the SEC and those exempt from registration (the “Proposed Private Fund Adviser Rules”). The Proposed Private Fund Adviser Rules generally provide for (i) increased transparency with respect to fee and expense disclosure and financial performance disclosures, (ii) mandatory annual audits of private funds and guidance on reporting standards and record-keeping requirements, (iii) new requirements with respect to certain adviser-led secondary transactions, including requirements to obtain third-party fairness opinions in connection with such transactions, and (iv) prohibitions and restrictions on certain practices and activities of private fund advisers with respect to private funds managed thereby, including, but not limited to, exculpation, standard of care and indemnification provisions relating to private fund advisers, charging fees or expenses related to a portfolio investment on a non-pro rata basis, borrowing from a private fund and certain types of preferential treatment of particular investors. The Proposed Private Fund Adviser Rules have been subject to substantial public and industry comment. Accordingly, it is not clear whether or not any or all of the proposed new rules will ultimately be adopted by the SEC or materially changed from their current form. If adopted, however, the Proposed Private Fund Adviser Rules could significantly increase the costs of compliance for private funds and private fund advisers, including us and the Funds, and require significant amendments and revisions to the governing documents of the Funds and the Underlying Funds.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS AND CONFLICTS THAT MAY BE ASSOCIATED WITH OUR OR THE UNDERLYING MANAGERS’ INVESTMENT STRATEGIES OR THAT ARE APPLICABLE TO OUR CLIENTS AND/OR THE FUNDS. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**

## ITEM 9: DISCIPLINARY INFORMATION

Not applicable.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### MATERIAL RELATIONSHIPS WITH AFFILIATED AND OTHER PERSONS

Crow Family Holdings, a family office established to own and manage the wealth and direct the investments of, and provide various other services to, the Trammell Crow family and affiliated entities, ultimately owns a minority, non-controlling ownership interest in CH Investment Partners. As used herein, “Crow Family Holdings” means (i) Crow Family, Inc., a Texas corporation, Crow Holdings, L.P., a Delaware limited partnership, or any successors thereto and (ii) entities owned and controlled by any two or more of the Harlan R. Crow Family Branch Partnership, L.P., the Trammell S. Crow Family Branch Partnership, L.P. and the Stuart M. Crow Family Branch Partnership, L.P. We and our affiliates and principals have various past and current material relationships, interactions, arrangements, agreements, connections and business dealings with Crow Family Holdings and one or more affiliates of Crow Family Holdings (including Crow Holdings Capital). Crow Family Holdings is a passive minority equity owner, does not control and is not involved in the management or operations of CH Investment Partners. Nevertheless, pursuant to the governing documents of CH Investment Partners and various other agreements, Crow Family Holdings has certain consent and approval (or veto) rights with respect to significant matters or actions or transactions involving or affecting or relating to CH Investment Partners. In addition, Crow Family Holdings and affiliates thereof are significant investors in certain of the Funds and currently are significant clients of CH Investment Partners. A significant portion of our regulatory assets under management currently consists of assets of Crow Family Holdings and the Crow family. Nevertheless, we keep our business activities and operations separate and independent from the business activities and operations of Crow Family Holdings and its subsidiaries (including Crow Holdings Capital). Notwithstanding the foregoing, the activities of Crow Family Holdings, Crow Holdings Capital, their respective affiliates or subsidiaries and the Crow family (including the ownership interest of Crow Family Holdings in various entities that may transact business with one or more of the Funds) will or may present actual or potential conflicts of interest, including, but not limited to, the conflicts discussed in this brochure. See “Past and Current Relationships and Arrangements with Crow Family Holdings and its Affiliates” in **Item 8**.

In connection with the closing of the spin-out transaction, we and certain of our affiliates entered into the License Agreement with Crow Family Holdings, pursuant to which Crow Family Holdings granted us and our affiliates a non-exclusive, non-transferable, terminable license to use certain trademarks of Crow Family Holdings in our name and in the names of the Funds and various other funds managed by us, and we are obligated to pay to Crow Family Holdings continuing royalties equal to a percentage of our revenue and certain other payments. In light of the importance of such trademarks to our business and the terms and provisions set forth in the License Agreement, we may be further incentivized to take actions or make decisions or recommendations with respect to prospective investments or otherwise that are in the best interests of, or more favorable or beneficial to, Crow Family Holdings and its affiliates as opposed to our advisory clients in general. Notwithstanding the foregoing, our policy, as described above, is to take actions that we reasonably believe to be in the best interests of all of clients, as opposed to taking actions that are primarily designed or intended to benefit or be favorable to Crow Family Holdings, itself or their affiliates. We and our affiliates face and may face or be presented with various other conflicts of interest as a result of its past and current relationships, arrangements and agreements with Crow Family Holdings and its affiliates.

The activities of Crow Family Holdings, the Crow family and various entities owned or controlled (directly or indirectly) by Crow Family Holdings and their respective affiliates and the rights of Crow Family Holdings under the License Agreement and the governing documents of us, present and may present actual or potential conflicts of interest, including, but not limited to, the conflicts disclosed herein.

We make recommendations and provide advice to our advisory clients from time to time regarding investments or potential investments in real estate funds, pooled investment vehicles and other products and ventures managed, sponsored, established and/or controlled by or affiliated with Crow Holdings Capital, Crow Family Holdings and/or their respective affiliates and related persons. We also establish Funds and other vehicles for the purpose of investing all or substantially all of their assets in one or more funds, products, vehicles and/or ventures managed, sponsored and/or established by Crow Holdings Capital, Crow Family Holdings and their respective affiliates, and make recommendations to our clients regarding investments in such Funds or vehicles. We may also enter into, or cause one or more of our clients to enter into, other business dealings, transactions, arrangements or interactions with or alongside, Crow Family Holdings, Crow Holdings Capital, real estate funds managed or sponsored by Crow Holdings Capital and their respective affiliates from time to time. Any such recommendations, activities, business dealings, transactions or interactions present or involve actual and potential conflicts of interest (for example, due to our historical and current relationships with Crow Family Holdings (including the current arrangements and relationships described above), we have or may be deemed to have an incentive to recommend investments in funds and products managed by Crow Holdings Capital and Crow Family Holdings to our clients.

Crow Family Holdings currently owns minority equity interests in certain general partners and promote partners of private investment funds (collectively, the “RR Funds”) managed by RR Advisors, LLC, a private investment management firm owned and controlled by Robert J. Raymond (“RR Advisors”). Among other things, Crow Family Holdings is entitled to receive a portion of the performance-based fees and/or allocations that are paid or allocated by the RR Funds to the applicable promote partners. In addition, an affiliate of Crow Family Holdings provides certain administrative and back-office services to the general partners of the RR Funds, pursuant to a services agreement. Neither we nor any of our affiliates are responsible for providing investment advisory services with respect to the RR Funds. As a result of the foregoing, we may, in light of our relationship with Crow Family Holdings, have an incentive to recommend investments in the RR Funds to our clients and may face other actual and potential conflicts of interest with respect thereto. We will attempt to manage these conflicts in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

We make and recommend investments in private pooled investment vehicles and registered investment companies managed by AQR Capital Management, an investment management firm in which David Kabiller, a member of the Board of Directors of Crow Family Holdings, is a founding principal. In light of our relationship with Crow Family Holdings, we may be directly or indirectly incentivized to make or recommend investments in entities affiliated with AQR Capital Management. Various funds and accounts managed or advised by us and our affiliates own interests in, and have made investments in, various vehicles, clients and funds managed, sponsored and controlled, directly or indirectly, by Owl Rock Capital Group, Blue Owl Capital Inc. and their affiliates. We and our affiliates also own direct or indirect minority interests or investments in various entities affiliated with or controlled by Owl Rock Capital Group, Blue Owl Capital Inc. and their affiliates. As a result of our past, existing and future arrangements and business transactions with Owl Rock Capital Group, Blue Owl Capital Inc. and their affiliates, we may be incentivized to make or recommend investments in Owl Rock or Blue Owl affiliated funds, entities and accounts to our clients.

In addition, we cause and may cause our clients to engage in transactions or business dealings with or make or recommend investments in entities or persons to which we or an affiliate lease or provide office space or with which we, one or more of our advisory clients, our employees and/or any of their affiliates have material business or other relationships, arrangements or interactions.

## RELATED SERVICE PROVIDERS

Crow Holdings Capital or an affiliate thereof provides and/or arranges provision of various administrative and support services to us and our affiliates. These administrative and support services include human resource administrative services (such as payroll processing, benefits plan adoption and new hire paperwork processing).

Notwithstanding the foregoing, all decisions, recommendations, consents and other determinations (including all investment advisory decisions made with respect to our investment advisory clients) are made exclusively by us in accordance with the terms of the applicable investment advisory or other agreements, and not by Crow Holdings Capital, Crow Family Holdings or any of their affiliates.

We or an affiliate have entered into (and may in the future enter into) an agreement with MapleMark Bank to provide a subscription line of credit, credit facility, lending, banking and other services on behalf of or with respect to one or more of the Funds, certain of our advisory clients and affiliates thereof. Certain of our advisory clients are investors in MapleMark Bank. As a result, we may have an incentive to select or recommend MapleMark Bank to provide subscription line, banking and other services on behalf of our advisory clients. Certain of our service providers are or may also be service providers to Crow Family Holdings and its affiliates (including Crow Holdings Capital and Maple Capital Management).

## RECEIPT OF COMPENSATION AND OTHER BENEFITS

We manage or advise client accounts that allocate assets to and/or make investments in Underlying Funds, Underlying Accounts and Underlying Managers through various means. Many Advisory Account clients invest in (and we regularly recommend investments by clients in) the Funds, which are primarily intended as a means to implement our investment advisory services to clients. Except as otherwise disclosed in this brochure or in the applicable offering or governing documents of a Fund, an Advisory Account client who invests in a Fund generally will not be subject to an additional or separate management fee payable to us or an affiliate at the Fund-level (although such clients will be responsible for their allocable share of the fund expenses of such Funds (including fees and expenses charged by or applicable to Underlying Funds and Underlying Managers in and with which the Funds invest) and will be required to pay advisory fees to us with respect to their investments in the Funds pursuant to their investment advisory agreements). Subject to the terms and conditions of the applicable governing and disclosure documents, we are entitled to receive performance-based compensation (including carried interest distributions or incentive fees) from or in respect of investors in certain of the Funds. **See Items 5 and 6.** Certain Advisory Account clients from time to time make direct investments in Underlying Funds and we may receive additional or higher fees or additional compensation with respect to such investments. If an Underlying Manager is engaged to manage a portion of the assets in an Advisory Account, such Advisory Account client will be subject to, and required to pay, two different and distinct advisory fees on the same assets managed by such Underlying Manager: (1) an advisory fee payable to us on such assets, and (2) an advisory fee payable to an Underlying Manager on such assets. Advisory fees payable to Underlying Managers on Advisory Account assets will be separate and distinct from, and in addition to, the advisory fees payable to us on the same assets.

In the event that an Advisory Account client terminates its advisory agreement, its interest in any Fund generally may, in our sole discretion, be converted into a class of interest that is subject to management fees charged and payable at the Fund level or its interest in any Fund may be redeemed (as determined by the general partner of a Fund in its discretion). As a result of the potential for additional fees and carried interest distributions, we have or may have a financial or economic incentive to recommend investments in certain of the Funds to our clients. **See Item 5.**

In addition to the foregoing, certain of our Advisory Account clients have invested and may in the future invest (and we will or may recommend investments) in one or more real estate or other funds managed, sponsored and operated by Crow Holdings Capital and its affiliates. If an Advisory Account client invests in a real estate or other fund managed, sponsored or operated by Crow Holdings Capital or an affiliate, such client would be required to pay to Crow Holdings Capital and/or its affiliates (and otherwise would be subject to) management fees and carried interests at the real estate fund level and, in addition, such client may be required to pay or bear separate advisory or management or consulting fees to us on such commitment amount (pursuant to the applicable advisory or other agreement with us). In light of Crow Family Holdings' minority ownership interest in CH Investment Partners and our relationship (including historical relationship with Crow Holdings Capital and the Crow family), we may be directly or indirectly incentivized to make or recommend investments in funds and entities managed, sponsored and operated by Crow Holdings Capital and its affiliates.

Our interests and the interests of our personnel and affiliates may create potential conflicts in the selection or recommendation of investments, Underlying Funds, Underlying Accounts and Underlying Managers for client accounts. We make determinations regarding which investments, Underlying Funds and Underlying Managers to make available or recommend to clients in a manner we believe to be consistent with our fiduciary duties and the investment processes summarized in **Item 8**. We, advisory clients and their affiliates may derive ancillary benefits from certain decisions or recommendations made or transactions entered into in respect of or with certain investments, Underlying Funds, Underlying Accounts and Underlying Managers. It is expected that Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, our affiliates, advisory clients or investors (or affiliates thereof) and persons or entities with which we or they have business, financial, family and other relationships will or may directly or indirectly receive various forms of compensation, payments, remuneration, investment activity, services and/or other benefits with respect to a Fund and/or its investments or from certain investments (including investments made or recommended by us on behalf of or with respect to clients), Underlying Funds and Underlying Managers to which our clients allocate assets or make investments, or may have interests in such investments, Underlying Funds and Underlying Managers or their businesses and/or provide products and services to them for compensation or other benefits. The amount of such compensation, payments, remuneration, investment activity, services or other benefits to Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings and such other persons or entities (including affiliates, service providers, advisory clients and family members and persons or entities affiliated or associated with advisory clients or such entities) may be greater if we select or recommend certain investments, Underlying Funds and Underlying Managers than it would otherwise have been had other investments, Underlying Funds or Underlying Managers been selected or recommended that might also have been appropriate for client accounts. Certain of our officers and employees may serve as trustees for one or more of our advisory clients or other third parties.

We act as investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in accordance with the fiduciary standards imposed upon us as a matter of law. We will face potential conflicts in making determinations as to whether client accounts should invest in or withdraw funds from or allocate assets to Underlying Funds, Underlying Accounts, Underlying Managers and other investments with which we, advisory clients and/or any of our or their respective affiliates have business, financial, personal or other relationships or affiliations. For example, Crow Family Holdings, its affiliates and advisory clients have equity, profits or other interests in various entities, client investments, Underlying Funds or Underlying Managers (or the general partners or managers or sponsors thereof). Payments to Crow Family Holdings and affiliates thereof and applicable advisory clients may increase as the amount of assets managed by such Underlying Managers increase. Therefore, investment by clients in Underlying Funds and/or with Underlying Managers or in other investments or entities where Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings or advisory clients or affiliates thereof have a fee and/or profit sharing arrangement or other interest in the equity or profits of such Underlying Managers or investment may result in additional revenues to Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, their affiliates or advisory clients.

We also may cause (or otherwise recommend) clients to enter into or otherwise engage in transactions or arrangements with persons or entities with which or to which we, our affiliates or certain our advisory clients (or their respective affiliates) have material or significant business, financial, personal or other relationships. The relationship we, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, their respective affiliates, client accounts or other accounts (or affiliates thereof) have with Underlying Managers or other persons or entities also may result in us directly or indirectly being incentivized to increase client investments with such Underlying Managers or in Underlying Funds or other investments or to maintain investments with such Underlying Managers or in Underlying Funds or other investments. We will attempt to manage these conflicts in accordance with our applicable fiduciary requirements and applicable law (which may include disclosure and consent).

#### **COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISER, FUTURES COMMISSION MERCHANT REGISTRATION**

We currently are registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”), and certain of our management persons and employees currently are registered with the CFTC as our Associated Persons. We and our Associated Persons are members of the National Futures Association. However, we operate all applicable Funds as though we were exempt from such registration pursuant to one or more exemptions set forth under the Commodity Exchange Act and in applicable CFTC rules and regulations including, without limitation, CFTC Rule 4.13(a)(3), CFTC Rule 4.14(a)(8) and CFTC No-Action Letter No. 12-38.

#### **OTHER ACTIVITIES AND AFFILIATIONS**

From time to time, certain of our employees and affiliates serve and may in the future serve as directors and officers (or agents) of, and provide advice or services to, privately held or publicly traded companies in which our clients invest, and such employees may be required to make decisions that consider the best interests of such companies. In certain situations, conflicts of interest could arise between a person’s duties as our officer or employee and his or her duties as a director or officer of such other company. Clients should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting discretionary transactions on behalf of clients in certain securities of these issues.

In addition, we from time to time engage third-parties to provide certain consulting and strategic advisory services with respect to us and/or our affiliates. In consideration of such services, we provide or may provide office space, administrative support and other benefits to such persons.

Members of our investment or management teams and our other employees and/or agents spend a significant or material portion of their time on matters other than, or only tangentially related to, our clients (or any one client or Fund) and their investment activities. By the terms of the applicable governing documents of the Funds, we generally are not restricted or prohibited from forming new or additional Funds, from entering into other investment advisory or business relationships, or from engaging in other business or investment activities, even if such activities may be in competition with a Fund or a Fund’s investments and/or may involve significant time commitments and resources of us and our personnel and affiliates. The other obligations and duties and responsibilities of our employees could conflict with their responsibilities or duties or obligations to a client or our clients. Other Funds and clients managed or advised by us or our affiliates have or may have investment objectives or strategies that are the same as, materially overlap with or are similar to those of a Fund or client, and Funds and clients may invest in the same or similar investments, which may present actual or potential conflicts of interest.

We, our investment team and our personnel and employees from time to time purchase or acquire or sell for their own accounts financial instruments that are recommended to, or purchased or sold on behalf of, the Funds and other clients. In addition, we and our personnel and their affiliates may purchase or sell financial instruments on behalf of a Fund or client while selling or purchasing the same instruments on their own behalf or on behalf of other clients. Therefore, a Fund or client may compete with these or other persons for investment opportunities.

#### **AFFILIATED GENERAL PARTNERS**

Certain of our affiliates serve as special purpose general partners of the Funds. Each of Oak Lawn Value Managers, L.L.C., Oak Lawn Global Securities GP, L.L.C., Oak Lawn Value Managers, Inc., Oak Lawn Private Equity 2011 GP, L.L.C., Oak Lawn Private Equity GP, L.L.C., Oak Lawn Direct Investors GP, L.L.C., Oak Lawn Elements Fund GP, L.L.C. and Oak Lawn Direct Investment Fund GP, L.L.C. (collectively, the “General Partners”), serves as the sole general partner of one or more of the Funds. With respect to each of the Funds, we have been appointed, retained and engaged as sole investment manager to provide investment advisory, management, administrative and/or other services with respect to such Fund.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **CODE OF ETHICS**

We have adopted and maintain a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address material conflicts of interest that arise from personal trading by access persons. Subject to the limitations of the code of ethics, access persons may buy and sell securities or other investments for their personal accounts, including investments in the Funds, and may take positions that are the same as, different from, or made at different times than, positions taken directly or indirectly for client accounts. We maintain a list of companies/issuers with respect to which a determination has been made that it is prudent to restrict personal trading activity by certain of our supervised persons (the "Restricted Trading List"). Our code of ethics prohibits applicable supervised persons from trading in securities included on the Restricted Trading List without the prior approval of the Chief Compliance Officer. All access persons must also provide copies of, or otherwise direct their brokers or custodians to supply to our compliance team, (i) brokerage and/or custodial account statements (at least monthly or quarterly, at the same time they are sent to the access person) and (ii) duplicate copies of trade confirmations within 30 days after the applicable transaction. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information and to address certain actual and potential conflicts of interest that may arise when supervised persons accept, provide, offer or give gifts or entertainment events. For example, when a supervised person accepts, provides, offers, or gives a gift, favor, entertainment event, special accommodation, or other item of value, we require pre-clearance by and/or reporting of certain gifts and entertainment to our Chief Compliance Officer, subject to the terms set forth in our code of ethics (and our pre-clearance and reporting thresholds are higher as compared to other managers). We have adopted a political contributions policy to facilitate compliance with rules regarding the political activities of registered investment advisers doing business with government entities (referred to as "pay to play" rules). We will furnish a copy of our code of ethics to clients and investors upon request.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS; OTHER CONFLICTS OF INTEREST**

We recommend and make investments in Underlying Funds, properties and other issuers and assets (i) where we, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, certain advisory clients and/or their respective affiliates (including directors of Crow Family Holdings) have economic, business, personal, financial or other interests in or relationships with such Underlying Funds, real estate properties, assets, issuers and/or the general partners, sponsors or managers thereof, (ii) to which we, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, advisory clients and/or certain of their affiliates provide or lease office space or services, or (iii) from which we, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, certain advisory clients, the Crow family and/or certain of their respective affiliates receive services and products or other items of value. We may also invest and recommend investments in investment funds and other issuers, sponsors, managers and entities established, managed, sponsored or advised by us, advisory clients, persons or entities with which we or our affiliates or entities with which we have material relationships have material business, economic, personal or other relationships or any affiliates of such persons. If an Advisory Account client invests in a Fund or another investment fund or portfolio company or asset established, managed, sponsored, advised or controlled by us, advisory clients, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings or our or their respective affiliates, we may have potentially conflicting loyalties and responsibilities regarding the client and such other investment fund, portfolio company or asset, or

an affiliate and certain other conflicts of interest may be inherent in the situation. For example, if we invest Advisory Account assets (or recommend that a client invest) in a Fund, we will be obligated, in connection with making investment decisions for such Fund, to consider the investment and tax objectives of the Fund and its investors as a whole, rather than the investment, tax or other objectives of the Advisory Account client or any single or particular group of investors. We will effect these transactions in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

Various other actual and potential conflicts of interest exist (or may exist) among us, the General Partners, their principals, employees and agents, Crow Family Holdings, entities directly or indirectly owned or controlled by Crow Family Holdings, the Crow family, each of their respective affiliates and one or more of our advisory clients. If any matter arises that we determine constitutes or may constitute a material conflict of interest, we may take such actions as we determine in good faith may be necessary or appropriate to ameliorate or otherwise address or mitigate the conflict, including, without limitation, consulting with or seeking the approval of the client, the applicable advisory committee of a Fund or an independent third party with respect to such conflict. There can be no assurance that we will be able to resolve all conflicts of interest in a manner that is favorable to the applicable client(s).

We currently have, and may in the future have, certain clients who are considered to be “value add” clients, that is clients who have the potential to offer certain benefits to us in addition to being a paying client. For example, these type of clients include clients that serve on the board or as an executive officer of a public company and have access to material non-public information. We seek to identify such “value add” clients through our client onboarding process and then seek to apply appropriate policies and procedures (such as including companies associated with such clients in our Restricted Trading List) to mitigate risks associated with such clients.

## **CROSS AND PRINCIPAL TRANSACTIONS**

To the extent permitted by applicable law, we, acting on behalf of our client accounts, may enter into transactions in securities, financial instruments, properties and other assets with ourselves or our affiliates, and may cause client accounts to engage in principal and cross transactions. We may face conflicts of interest that could influence our decision to engage in such transactions for client accounts. Principal transactions may occur if we, on behalf of our client accounts, engage in a transaction in securities or other instruments with ourselves or an affiliate acting as principal. We may earn compensation or receive benefits in connection with these transactions. For example, due to the significant ownership interest currently held by Crow Family Holdings and/or its or our affiliates in each of the Funds, transactions between Advisory Account clients and such Funds may be deemed to be principal transactions under Section 206(3) of the Advisers Act. Cross transactions may occur if we cause a client account to buy securities or other investments from, or sell securities or other investments to, another client account or the account of one of our affiliates. We may have conflicting loyalties and responsibilities to the parties in such transactions, and have developed policies and procedures in relation to such transactions and conflicts. We will review each of the foregoing transactions and take such steps as we deem necessary or appropriate to ensure that the terms of transactions are fair and reasonable, including, without limitation, seeking the approval of the client (or a duly appointed independent representative of such client) or the advisory committee of a Fund with respect to such principal transaction. We will effect these transactions in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

## **VALUATIONS**

We generally expect to value investments owned by advisory clients based upon the most recent valuation and other information provided by or received from Underlying Managers and/or other third-parties (including counterparties,

administrators or other advisory clients) (i.e., we are a “price taker”). As disclosed above, Underlying Managers and other third parties make valuation determinations on different intervals and at different times, which could adversely affect or impact advisory clients. For example, certain Underlying Managers may make valuation determinations only on an annual or semi-annual basis, whereas other Underlying Managers make valuation determinations on a quarterly or more frequent basis. To the extent we value securities, financial instruments and other assets in the Funds and Advisory Accounts internally, we generally attempt to value such investments at fair value in accordance with our valuation policies and procedures. We may face a conflict with respect to such valuations as they affect our compensation. In addition, to the extent we utilize third-party vendors (administrators or custodians or auditors) to perform certain valuation functions or provide valuation or appraisal services, these vendors may have interests and incentives that differ from those of our client accounts. All valuation determinations with respect to a client or its assets or investments generally will be conclusive, final and binding on such client and its applicable investors. **See “Valuation Risks” in Item 8 above.**

#### **DIFFERENCES AMONG CLIENT ACCOUNTS; OTHER ACTIVITIES**

Our decisions and actions and recommendations may differ among client accounts. Advice given or recommendations made to, or investment or voting decisions or recommendations made for or on behalf of, one or more client accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice or recommendations given or investment or other decisions made for or on behalf of other client accounts (including purchasing (or holding) securities or other investments on behalf of one client while selling such securities or investments on behalf of another client).

Underlying Managers generally will advise other clients in addition to, and engage in activities other than, activities related to the management and operation of, the Underlying Funds and Underlying Accounts to which we allocate client account assets (or recommend investments) or in which our clients otherwise invest. As a result, Underlying Managers may have other interests and relationships which create or involve a variety of conflicts similar to or different from the foregoing in relation to the Underlying Funds and Underlying Accounts they manage or their other activities and businesses.

#### **CO-INVESTMENT OPPORTUNITIES**

##### Funds

One of our affiliates established DIF as pooled investment vehicles to make co-investments with third party private equity sponsors through partnerships, joint ventures or other structures (including the opportunity to directly or indirectly co-invest alongside Underlying Funds, their affiliates and other third party sponsors and managers in portfolio investments and portfolio companies). DIF generally has priority with respect to all private equity investment opportunities that are within the scope of DIF’s investment mandate during DIF’s investment period (except as otherwise set forth in the applicable governing documents). A portion of any investment acquired by DIF may be offered for syndication to one or more syndicate investors and such syndicate investors will co-invest alongside DIF in such investment either directly or indirectly through CHC DSF, a syndicate vehicle established by our affiliate and managed by us.

One of our affiliates has also established CHCP Direct Investors as a vehicle or mechanism through which the Funds, investors in the Funds, current or prospective clients, and our employees (or former employees) and officers and their respective affiliates have participated and may in the future participate in certain private equity-related and other investment opportunities (including co-investment opportunities and the opportunity to invest alongside one or more of the Underlying Funds and/or their affiliates or other entities in an investment) that are made available to us, to the extent that such opportunities are not offered (or required to be offered) to DIF or another client in accordance with our allocation policies

and procedures or the governing documents of such client(s). One or more of the Funds may invest in a portfolio company or portfolio investment indirectly through CHCP Direct Investors or other vehicles or entities managed, sponsored or established by us and our affiliates. To the extent an investment opportunity is made available to CHCP Direct Investors, such investment generally will be made available to advisory clients (including certain employees that have entered into investment advisory agreements with us) and existing investors in our funds of private equity funds (including certain of our employees who receive or elect to receive Class B-1 Interests) before being offered to any other persons. The excess, if any, of any proposed investment opportunity generally will then be made available to our employees (other than employees who have entered into investment advisory agreements with us or have elected to receive Class B-1 interests) before being offered or made available to any other persons. As described in **Item 5** above, investors making an initial commitment to CHCP Direct Investors after November 1, 2014 generally are subject to a carried interest equal to 5% of profits on distributions derived from the disposition of an investment on a deal-by-deal basis (following the return of contributed capital, expenses and a preferred rate of return of 8% to investors) (provided that we or the general partner of CHCP Direct Investors may waive, change or reduce the carried interest with respect to any particular investment or certain investors). As a result of this carried interest, we have an incentive to favor CHCP Direct Investors with regard to the allocation of investment opportunities or participation in particular investments. We may elect to waive this carried interest for certain investors or investments made by CHCP Direct Investors.

Subject to the foregoing and to the extent deemed appropriate by us in our discretion, we and our affiliates may, but generally will not be required to, offer or provide to any persons (including our affiliates, one or more investors, advisory clients or their affiliates, other Funds, third parties and other funds or clients managed or advised by us or an affiliate (including Crow Family Holdings and its affiliates) the opportunity to directly or indirectly invest or co-invest alongside one or more Funds or advisory clients in an Underlying Fund or other investment on any such terms and conditions determined by us or an affiliate, and we or an affiliate may receive fees or benefits in connection therewith. Neither a Fund or any investors in such Fund generally will have the right to participate in any such co-investment opportunity or any other activities of us or our affiliates (including the right to share in any fees or compensation received by us or our affiliates in connection therewith), and we will have the sole discretion and authority in connection with the allocation of any co-investment opportunities (including whether or not to offer such opportunities). One or more investors or advisory clients may be invited to participate in such co-invest opportunities and other outside activities, while other investors and advisory clients may not, in our discretion. In addition, our other activities relating to co-investments could subject a Fund or client (or us) to trading restrictions or position limits that could prevent us from acting in the best interest of a Fund or client. Any amounts contributed by an investor or client to a co-invest opportunity, and any amounts distributed or payable from such co-investment opportunity, will not reduce the unfunded capital commitment of any investor or client in a Fund. A Fund generally will bear all expenses relating to transactions that are not consummated, including break-up fees and other “broken deal” costs, to the extent that such expenses are not reimbursed by entities in which the Fund invests or proposes to invest (which, for the avoidance of doubt, include “broken deal” costs attributable to anticipated co-investors and which shall include any travel, entertainment and accommodation expenses and all fees and expenses due to any legal, financial, accounting, consulting, banking or other advisors) and, for the avoidance of doubt, any such expenses will not be borne by other anticipated co-investors.

We may from time to time permit an Advisory Account client to invest alongside a Fund in an Underlying Fund or otherwise acquire interests in the same Underlying Fund, which may result in actual or potential conflicts of interest. In particular, we may have a conflict of interest to the extent we have an opportunity to earn additional or higher fees or compensation from Advisory Account clients relating to a direct investment in an Underlying Fund. An Advisory Account client may not be required to bear or pay its allocable share or portion of any expenses or costs applicable to any such investments.

#### **SERVICE PROVIDER CONFLICTS**

We engage common service providers for ourselves as well as the Funds and other clients managed, advised and/or sponsored by us and our affiliates. In such circumstances, there may be a conflict of interest between us and the Funds or our clients in determining whether to engage such service providers, including the possibility that we may favor the engagement or continued engagement of such service providers if we receive a benefit from them (such as lower fees) that we would not receive absent the engagement of such service provider by one or more Funds or clients. Further, service providers to us and our affiliates and one or more clients often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by us or our affiliates differ from those required by clients and their investments, us and our affiliates will pay different rates and fees than those paid or borne by clients.

A Fund's service providers and vendors (including the administrator, accountants, attorneys, lenders, consultants and others) and their affiliates provide or may provide goods or services to, or have business, personal, financial, economic and/or other relationships or arrangements or relations with us, our principals or personnel, direct or indirect beneficial owners or employees of us or our affiliates, Crow Family Holdings, affiliates or subsidiaries of Crow Family Holdings, advisory clients of us, Underlying Managers, officers, employees, direct or indirect owners and agents of the foregoing and/or their affiliates (including one or more persons associated with one of our clients). Such service providers and vendors (or affiliates thereof) may be investors in a Fund and/or other funds or vehicles managed or sponsored by us, sources of investment opportunities, advisory clients, prospective advisory clients or co-investors or commercial counterparties or entities or issuers in which we and our personnel have investments or relationships. Additionally, certain employees and agents of us and our affiliates have or may have family members or relatives employed by or associated with service providers and vendors. These and other relationships and facts may influence or be deemed to influence us in deciding whether or not to select or engage or recommend service providers and vendors to perform services for, and/or engage in activities with respect to, our clients.

Except as otherwise set forth in the applicable governing documents, each Fund will be required to bear the fees and costs of its service providers and vendors, including fees payable to the administrator and various expenses incurred by the administrator in performing services for such Fund. Because certain expenses will be paid for or borne by a Fund or, if incurred by us or an affiliate, be reimbursed by a Fund, we may not be incentivized to seek out and obtain the lowest cost options when incurring (or causing the Fund to incur) such expenses.

#### **MATERIAL, NON-PUBLIC INFORMATION**

By reason of or in connection with our activities and the activities and operations of our clients and affiliates, we and/or our personnel from time to time acquire and have access to (or are deemed to have access to or be in possession of) confidential or material, non-public information or be restricted from initiating transactions in certain securities. Neither we or any other client will or may be free to act upon any such information. Due to these restrictions, a client may not be able to initiate a transaction (or we may not be able to initiate a transaction) that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Notwithstanding the foregoing, we may determine, in our sole discretion at any time, that such information could impair our ability to effect certain transactions on behalf of clients, whether for legal, contractual or other reasons. Accordingly, we may elect not to receive such information or may restrict access to such information to certain personnel that are placed behind an information wall. Lack of access to any such information may adversely affect a client's investments that, in some cases, may have been avoided had we or a client had access to such information.

## **OTHER POTENTIAL CONFLICTS**

The legal and/or organizational or governing documents of a Fund, advisory agreements between us and an advisory client or the agreements relating to portfolio investments establish complex arrangements among the parties, including between investors and the Funds. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to a situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an advisory client or its investors.

## ITEM 12: BROKERAGE PRACTICES

### BROKER SELECTION AND BEST EXECUTION

#### General

We generally will not have oversight or exercise authority over the selection of broker-dealers or other counterparties by Underlying Managers. To the extent we make direct investments or otherwise direct brokerage, we will select broker-dealers and other counterparties to execute client transactions based primarily on their ability to deliver best execution for our clients. In selecting brokers or counterparties, we consider various factors including, but not limited to, accessibility to and knowledge of certain securities markets, execution quality, commission rate, responsiveness, the value of any research provided, financial responsibility and ability to retain acceptable records. The commissions or transaction costs (including spreads) charged by any broker or other counterparty may be greater than the amount another firm might charge if we determine in good faith that the amount of such commission is reasonable in relation to the value of the brokerage services and research (or other services) provided by the broker or counterparty or service provider.

We have adopted policies and procedures that we believe are reasonably designed to ensure that our clients achieve best execution and that brokers, counterparties and other service providers utilized have been selected based on our clients' best interests. We have established a Brokerage Committee that is generally responsible for reviewing brokers, counterparties and service providers utilized, evaluating for conflicts of interest, evaluating the quality of execution services and reviewing any proposed soft-dollar arrangements. The Brokerage Committee will meet on a periodic basis to review trading activity and the quality of the execution received.

#### Pershing Advisor Solutions

In general, we recommend that Advisory Account clients establish accounts at, and receive custody, clearing, brokerage and other services from, Pershing. Nevertheless, clients are ultimately responsible for deciding whether or not to open custodial accounts at Pershing. We are independently owned and operated and are not affiliated with Pershing.

As compensation for its services, Pershing generally will charge Advisory Account clients a flat rate custody-based fee (the "Pershing Custody Fee") on assets held in their custodial account(s) at Pershing. The Pershing Custody Fee includes U.S. trades executed through Pershing either directly or indirectly, but does not include foreign currency trades and certain other items that will be charged directly to clients on a per execution basis. The Pershing Custody Fee is in lieu of transaction-based brokerage commissions, does not vary based on the number or size of trades in client accounts, and does not include fees for trade away execution and services in connection with transactions effected through broker-dealers other than Pershing or its agents/affiliates. Additional fees and expenses may be incurred for transactions executed by a broker-dealer other than Pershing or its agents/affiliates. See **Item 5** above for details about how the Pershing Custody Fee is calculated and debited from accounts.

The appropriateness of the Pershing Custody Fee for any client may depend on a number of factors including, among others, the client's investment objectives and financial situation, our investment strategies and trading patterns, including the frequency of trading and the number and size of transactions. If the number of transactions in an Advisory Account is low enough in any particular period, the Pershing Custody Fee may exceed the commissions that would otherwise have been charged for transactions effected in such period.

Pershing also makes available other products and services that benefit us but may not directly benefit our clients. Some of these other products and services assist us in managing and administering Advisory Accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide pricing information and other market data; facilitate payment of our advisory fees from Advisory Accounts; and assist with back-office functions, recordkeeping and client reporting. Some of these services generally may be used to service all or a substantial number of our clients, including accounts not maintained at Pershing. Pershing also makes available to us other services intended to help us manage and further develop our business enterprise, including publications on information technology, regulatory compliance and marketing.

While we endeavor to act in the best interests of our clients, our recommendation that clients maintain their assets in accounts at Pershing may be based in part on the benefit to us of the availability of some of the foregoing products, services and arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Pershing, which may create a conflict of interest.

We also recommend or may recommend one or more other brokers and counterparties to execute transactions on behalf of our clients, and may cause the Funds and certain clients to execute trades or transactions through other brokers and counterparties selected by us. Advisory Accounts and the Funds bear all commissions and fees and any other expenses charged by such brokers and counterparties.

#### **SOFT DOLLARS**

In addition to execution, we may receive research and research related services from brokers who execute portfolio transactions for our clients. This research generally is used to service all client accounts (to the extent such research is applicable to our clients). We do not formally commit to invest any particular level of commissions to brokers who provide research services and we do not currently intend to enter into any formal soft dollar arrangements. Research or brokerage services by brokers through which portfolio transactions for us are executed may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, news and research services, access to an electronic communication network for order entry and account information, participation in broker-dealer sponsored research and capital introduction conferences and other services providing lawful and appropriate assistance to us in the performance of investment decision-making responsibilities on behalf of clients. We may benefit by not having to produce or pay for research, and receipt of such research or other products or services may create an incentive for us to select or direct more business to particular brokers. We understand that the benefits received through our relationship with broker-dealers generally do not depend upon the amount of transactions directed to, or the amount of assets custodied by, the broker-dealers. We expect that all research reports received in connection with client-related matters will be within the limitations set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended.

In addition to the foregoing, we may purchase research reports and other information from brokers that do not execute portfolio transactions for our clients.

#### **BROKERAGE FOR CLIENT REFERRALS**

From time to time we may speak at conferences and programs that are sponsored by one or more of our executing brokers, service providers or other third-parties for investors interested in investing in hedge funds or other investment types. These conferences and programs may provide opportunities for us to be introduced to potential Fund investors or Advisory Account clients. Generally, these third-parties will not be compensated by us, the Funds, or potential investors or clients for providing

such “capital introduction” opportunities. These third-parties may, however, provide services to us or the Funds, and such additional services provided by these third-parties, including the opportunity to attend capital introduction events, may influence our decision to use (or continue to use) their services. Underlying Managers may allocate brokerage in return for client referrals, which may raise conflicts of interest.

#### **DIRECTED BROKERAGE**

We from time to time accept direction from a client to place trades or direct brokerage for its Advisory Account or a particular transaction with or to a particular broker-dealer or counterparty. For example, a client may instruct or direct us to execute certain trades or transactions in its Advisory Account with a specified broker-dealer or other counterparty. In the event a client directs brokerage, we will have limited or no capability or ability to negotiate prices or obtain volume discounts for or on behalf of such client. In situations where a client directs brokerage, we may not be able to aggregate transactions with transactions we effect or execute for other clients and there may be delays in placing orders for client directed accounts until our orders for other accounts or clients have been completed. As a result, the net price paid or received by the directed account may be different than the price paid or received by our other Advisory Accounts or Funds, as we may be unable to achieve the most favorable execution in a directed brokerage situation. Directing brokerage may cost clients more money.

As described above, we generally recommend that Advisory Account clients utilize the custodial, brokerage and clearing services of Pershing and/or the execution services of various other broker-dealers and counterparties.

#### **ORDER AGGREGATION**

In certain instances, we may aggregate or “bunch” trade orders for multiple clients when it would be in the clients’ best interests to do so and to the extent we deem such action to be appropriate and practical. Aggregated orders will be allocated among applicable clients on a fair and equitable basis under the circumstances, but generally *pro rata* per applicable or appropriate client account. Additionally, aggregated trades are subject to our best execution obligations. We are not obligated, however, to aggregate any or all trades or transactions or place any or all transactions or trades on an aggregated basis, and, as in the case of transactions on disparate terms or client directed trades or transactions, we may be unable to aggregate transactions. As a result, we generally do not aggregate transactions involving client directed trading or client specific transactions. Therefore, transactions for different clients, including transactions in the same or similar securities at the same or similar times, may be executed at different prices.

#### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

We face actual and potential conflicts of interest in allocating investment opportunities among our various applicable clients and other persons (including conflicts as a result of differences in the financial or fee structure of advisory accounts that would potentially participate in any such opportunity). We have established investment opportunity allocation policies and procedures addressing our duties to allocate investment opportunities among applicable client accounts in a fair and equitable manner (as determined by us in our discretion).

Except as otherwise set forth in the applicable governing and/or offering documents of a Fund or agreements with clients, we generally are not required to accord exclusivity or priority to any client with respect to any particular investment opportunities. To the extent a particular investment opportunity may be appropriate or suitable for more than one client (as we determine in our discretion), the opportunity generally may be allocated, offered or otherwise made available only to one or more of such applicable client(s) or between or among such applicable clients in accordance with our general allocation

principles and procedures, which will be based on factors that we and our affiliates reasonably determine in good faith to be fair and reasonable including, without limitation, the terms and requirements set forth in the applicable governing and account documents, the relative amount of assets dedicated to the opportunity set or the amount of cash then available for investment in each account relative to other anticipated investment opportunities, the types of investments being offered and/or the investment objectives, guidelines and restrictions and risk profiles of each applicable client, which could result in certain opportunities may not being allocated to certain clients or among such clients on a *pro rata* basis. We or our affiliates may advise or engage in transactions or investments that may differ from or be identical to the transactions or investments engaged in by us or our affiliates for or the advice given by us with respect to another client's account.

Notwithstanding the foregoing, (i) opportunities to make additional or follow-on investments in investments (or to participate in side-by-side investments) or portfolio investments in which another client (including one or more predecessor funds, CHCP Direct Investors, Crow Family Holdings and/or other vehicles or accounts) has an existing investment or relationship may be allocated or offered exclusively to such client(s); (ii) the funds of private equity funds managed by us generally are entitled to investment priority with respect to investment opportunities made available to us that involve passive investments in blind-pool private equity funds in which persons other than us or an affiliate have investment discretion and which have the primary objective of making privately-negotiated equity and equity-related investments in portfolio companies; and (iii) DIF (and CHC DSF) generally has priority for investment opportunities made available to us that involve equity and equity-related investments in private transactions led by third party sponsors (including the opportunity to co-invest alongside third parties in portfolio investments), other than (A) follow-on investments related to any investments made prior to the formation of DIF, (B) assets inappropriate for DIF, and (C) any investment as a passive investor in a private equity fund managed by a third party sponsor or manager. Our policies generally prohibit the allocation of investment opportunities based on anticipated compensation or profits to us or any affiliates, owners or personnel thereof.

For a description of the general allocation policies relating to CHCP Direct Investors (including preferential allocation of investment opportunities to certain investors), see **Item 11**.

As noted in **Item 5** above, employees that enter into investment advisory agreements with us generally will receive Class A Interests in the Funds and, as a result, may, subject to the terms of the applicable offering and governing documents, be entitled to priority with respect to the allocation of certain investment opportunities (together with other Class A investors), without regard to the fees paid by such employees.

## **TRADE ALLOCATION**

When placing orders in the same direction in the same investment at the same time for more than one of our clients, we will generally place orders for all such accounts simultaneously. If all such orders are not filled at the same price, we will, to the extent possible or practical, attempt to allocate the trades such that the order for each client is filled at the average price. Similarly, if an order on behalf of more than one client cannot be fully executed under prevailing market conditions, we allocate the trades among different clients on a basis that we consider equitable.

Factors considered when allocating trades among clients include, among others, the factors listed above when determining the allocation of investment opportunities, the avoidance of odd lots or excessive transaction costs relative to a client's size and the need to rebalance positions held by a client due to capital infusions or withdrawals.

Trades must be allocated promptly, usually on the trade date, and no reallocations are permitted from one account to another except where the original allocation was done in error. The partner advisory team, or the supervised person executing the

trade(s), document allocation decisions either (i) on the daily order blotter or (ii) a worksheet, saved alongside the daily trade blotter, which will detail participating clients and the manner in which the order was allocated. Partially filled orders generally are allocated *pro rata* based on each client's account size.

## **TRADE ERRORS**

In the course of managing client accounts, we expect trade errors to occur from time to time. Although there is no standard definition of trade errors, they may include a number of situations, such as:

- Trade executions in the wrong direction (i.e., buy vs. sell);
- Purchasing securities not legally permitted for an Advisory Account or Fund, or not within an Advisory Account or Fund's investment guidelines;
- Purchasing or selling the wrong securities or the wrong amount of securities for an Advisory Account or Fund;
- Purchasing or selling securities for the wrong Advisory Account or Fund; or
- Allocating securities to the wrong Advisory Account or Fund.

A trade error, however, does not include errors that are corrected at the broker-dealer level or otherwise corrected prior to settlement.

If a client incurs costs as the result of a trade error, the client generally is required to bear such costs unless the trade error was caused by our gross negligence, willful misconduct or violation of applicable laws or regulations (to the extent permitted by applicable law). Notwithstanding the foregoing, we may elect to bear the costs of any trade error in our sole discretion.

Trading activity is monitored for errors and any errors are reported to our Chief Compliance Officer for further review and recordkeeping.

Notwithstanding the foregoing, we are not responsible or liable for any trade or investment that is directed by a client.

## ITEM 13: REVIEW OF ACCOUNTS

### REVIEWS OF ACCOUNTS

#### Funds

Our investment committee approves new Underlying Funds and new Underlying Managers for the Funds. Appropriate records, research and due diligence files are maintained with respect to Underlying Funds and Underlying Managers. Our investment team reviews performance of the Funds, including applicable Underlying Funds and Underlying Managers through periodic meetings, using risk reports, market analysis and market updates.

With respect to accounting matters, we generally engage an independent public accounting firm to conduct an annual audit of each of the Funds.

#### Advisory Accounts

Our investment committee approves Advisory Account client platform solutions, which are pre-approved Underlying Funds, Underlying Managers and other investments that may be offered and/or recommended to Advisory Account clients (subject to applicable qualification, suitability and eligibility requirements). Appropriate records, research and due diligence files are maintained with respect to Advisory Account client platform solutions. The partner advisory team monitors Advisory Accounts on a periodic basis and reviews account performance with each Advisory Account client on a periodic basis, generally quarterly.

In managing the Funds and providing investment advice to Advisory Accounts, we (i) use reasonable and appropriate efforts to ensure that investments made by or on behalf of the Funds and Advisory Accounts are consistent with the investment objectives, policies and guidelines set forth in the applicable governing and/or account documents and are consistent with the financial circumstances and risk tolerance of each Advisory Account client and (ii) hold formal and informal meetings on a periodic basis to discuss investment ideas, economic developments, current events, investment strategies and issues related to client investments. We generally will conduct reasonable and appropriate due diligence of Underlying Funds and Underlying Managers on a periodic basis as deemed necessary or appropriate.

To the extent directed or requested by a client, we recommend, identify or acquire specific investments for such client in accordance with our directed trading procedures.

### FACTORS TRIGGERING ADDITIONAL REVIEWS

In addition to periodic reviews, additional reviews may be undertaken in response to, among other things, changes in market or economic conditions, changes in Underlying Managers, Underlying Funds or other investments, or changes in a client's investment objectives or policies.

## REPORTS TO INVESTORS/CLIENTS

### Funds

We provide or may provide investors in the Funds with periodic account statements, annual financial statements audited by the Fund's independent auditors, Schedule K-1s and any other tax information reasonably requested by an investor. We provide and may provide other reports to investors from time to time. In response to questions and requests and in connection with due diligence meetings and other communications, we may provide additional information to certain investors that is not distributed to other investors. Such investors may make investment or withdrawal decisions with respect to their investment in the Funds based upon such information.

### Advisory Accounts

We provide Advisory Account clients with periodic account review statements and quarterly fee invoices (reflecting our advisory and other fees). In addition, we may provide Advisory Account clients with such other written reports, notices and statements as we deem appropriate in our discretion.

Pershing provides each applicable Advisory Account client with monthly or quarterly account statements that include, among other things, a summary of all activity in that client's account, including all purchases and sales of securities (which generally will reflect subscriptions for, and redemptions or withdrawals of, interests in Underlying Funds), and any debits and credits to the account, a summary of holdings including a portfolio valuation, and the change in value of the account during the reporting period. Pershing and other applicable custodians may also provide other reports, as set forth in the applicable custodial account agreements. **Clients are urged to compare any statements they receive from us or our agents with the statements provided by their custodians.**

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

### THIRD-PARTY COMPENSATION

Pershing makes available certain products and services that benefit us but may not directly benefit any particular client or all of our clients. For more information, please see **Item 12** above.

Except as set forth in **Item 12** or as otherwise disclosed in this brochure or the applicable governing, account and offering documents, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

### REFERRALS

We do not expect to enter into, and have not entered into, agreements or arrangements with solicitors or other third parties to refer clients or investors to us.

## ITEM 15: CUSTODY

### Funds

We have, or may be deemed to have, custody of each Fund's cash and securities. To the extent required by Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (other than "privately offered securities," as defined in Rule 206(4)-2 under the Advisers Act) are held with one or more qualified custodians. We may change custodians at any time and from time to time without the consent of, or notice to, investors. A PCAOB-registered independent public accountant selected by us or the applicable general partner generally conducts annual audits of the Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) generally are provided to investors on an annual basis. We attempt to provide such statements to investors within 120, 180 or 260 days, as applicable, after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.

### Advisory Accounts

We may have, or may be deemed to have, custody of an Advisory Account client's cash and securities. We do not intend to have or take physical possession of the cash or securities in Advisory Accounts at any time. In general, all cash and securities owned by Advisory Account clients will be held by one or more qualified custodians that are appointed by such clients pursuant to separate custody or other agreements. As noted in **Item 12** above, we generally recommend that Advisory Account clients utilize the custodial, brokerage, clearing and other services of Pershing. **Advisory Account clients generally receive account statements directly from Pershing (and/or other applicable custodians) and should carefully review those statements. We urge Advisory Account clients to compare the account statements they receive from their qualified custodian(s) with any statements that they receive from us.**

If we have, or are deemed to have, custody of Advisory Account cash and securities, such cash and securities may (to the extent required by Rule 206(4)-2 under the Advisers Act) be verified by a surprise examination at least once each calendar year by a PCAOB-registered independent public accountant.

Certain Advisory Account clients have granted and may in the future grant to us the limited power in standing letters of authorization (SLOAs) to disburse funds from their custodial accounts at Pershing to one or more persons specifically designated by such clients. Pursuant to recent SEC guidance, we generally are deemed to have custody of any such client's cash and securities and are required to comply with the applicable requirements of Rule 206(4)-2 under the Advisers Act. To the extent that we do not qualify for the relief from the surprise examination requirement set forth in the applicable SEC no-action letter, we will cause such client's Advisory Account assets to be included within the scope of the annual surprise exam.

## ITEM 16: INVESTMENT DISCRETION

### DISCRETIONARY AUTHORITY

#### Funds

We generally have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of each of the Funds, subject to any limitations set forth in the applicable offering and governing documents. With respect to CHCP Direct Investors, an investor will not participate or have any interest in an investment unless it affirmatively elects to participate in such investment (on an investment-by-investment basis).

In addition, we generally have authority to determine the broker-dealer or other counterparty (or other service providers or vendors) to be used for Fund transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

#### Advisory Accounts

We have discretionary power and authority to invest and reinvest all or a portion of the funds and assets held in certain Advisory Accounts. In such instances, we have authority (i) over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of Advisory Accounts; and (ii) to determine the broker-dealer or other counterparty to be used for Advisory Account transactions and the negotiation of commission rates and other consideration to be paid by the Advisory Accounts. Pursuant to our discretionary authority, we may engage Underlying Managers to manage a portion of the assets in an Advisory Account (or allocate a portion of the assets in an Advisory Account to be managed by Underlying Managers), including the delegation of discretionary authority with respect to client assets to Underlying Managers. In such situations, we generally are responsible for managing, overseeing, supervising, monitoring and reporting on such Underlying Managers and the activities and services of such Underlying Managers (including, for example, by monitoring compliance by the Underlying Manager with Advisory Account guidelines, limitations, parameters and restrictions and evaluating the success of the Underlying Manager's investment strategies and investments).

Each Advisory Account client for which we have investment discretion is required to sign an investment advisory or other agreement that authorizes us to manage and direct the investment and reinvestment of Advisory Account assets, with discretion to make investment decisions on the Advisory Account client's behalf and at the Advisory Account client's risk. Our discretionary authority is limited by the terms of the investment advisory or other agreements and the investment guidelines, restrictions and limitations imposed on the management or advisement of Advisory Accounts by each client.

We also provide services to Advisory Account clients on a non-discretionary or limited discretionary basis (with respect to all or a portion of the assets in their Advisory Accounts). In such instances, we generally are not authorized to make any investment decision or implement any transaction with respect to such Advisory Account without the prior approval of the advisory client in each instance. To the extent approved and authorized by such client, we may be authorized to make or implement a transaction or an investment and select the broker, dealer, bank or other counterparty by or through which such transaction will be effected. The nature and extent of our non-discretionary authority typically will be set forth in the investment advisory or other agreements between us and our clients.

## **LIMITED POWER OF ATTORNEY**

Each investor in the Funds grants the general partner or the managing member a limited power of attorney to enable the applicable general partner or managing member to execute the applicable partnership agreement on its behalf. Pursuant to an investment management agreement between us and each Fund, we have a power of attorney to conduct authorized trading on behalf of such Fund. In addition, each Advisory Account client may grant us a limited power of attorney to enable us to conduct authorized trading on their behalf.

## ITEM 17: VOTING CLIENT SECURITIES

Underlying Managers generally are responsible for voting with respect to securities held by Underlying Funds and Underlying Accounts.

### Funds

Each of the Funds invests primarily in and through Underlying Funds and Underlying Accounts, and we generally are not responsible for voting the underlying investments held or maintained by the Underlying Funds and Underlying Accounts. Nevertheless, we do have voting authority for securities that are owned directly by the Funds (including voting with respect to the interests in Underlying Funds held by the Funds) and managed directly by us. Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures. In accordance with such rule, we have adopted proxy voting policies and procedures to assist in voting proxies. In general, our policy is to vote proxy proposals, amendments, consents or resolutions relating to securities, including interests in Underlying Funds, in a manner that serves the best interests of the applicable Fund, as determined in our discretion, taking into account various factors. If we elect to vote a proxy that is contrary to our proxy voting policy, we will document the exception. We may take no action with respect to a proxy if we reasonably determine that it is in the best interest of a Fund not to vote the proxy (or the voting of such proxy is not likely to result in any material benefit to the Fund). The Brokerage Committee oversees proxy voting. The Investment Strategy Team periodically reports proxy voting information to the Brokerage Committee, including votes contrary to the proxy voting policy.

Investors in the Funds may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

### Advisory Accounts

In general, Advisory Account clients are exclusively responsible for voting all proxies with respect to securities in their Advisory Accounts and we do not have any power (nor do we currently accept any such power or authority) to analyze and vote proxies for securities held in Advisory Accounts. Upon the request of a client, we from time to time provide or may provide such client with information about the proxy or vote at issue, help such client obtain or locate information regarding such proxy or vote or otherwise assist such client in connection with the implementation of its proxy voting determinations (such as relaying a client's vote to Pershing or another applicable broker or custodian). Nevertheless, we do not make proxy voting decisions on behalf of clients or provide clients with recommendations or advice as to how they should vote any proxy or proxies in general.

In the event that we do accept or otherwise have proxy voting authority on behalf of an Advisory Account, we generally will vote proxy proposals, amendments, consents or resolutions relating to Advisory Account securities, including interests in the Funds and Underlying Funds, in accordance with the instructions or directions of the Advisory Account client. We will use commercially reasonable efforts to vote or cause such proxies to be voted according to the Advisory Account client's request, direction or instruction in these circumstances. In the absence of specific voting guidelines or instructions from the Advisory Account client, we will attempt to vote proxies in a manner that serves the best interests of the Advisory Account and follows our proxy voting policies, as determined in our discretion, taking into account various factors or considerations deemed relevant or appropriate by us in our discretion. We may take no action with respect to a proxy if we reasonably determine that it is in the best interest of a client not to vote the proxy (or the voting of such proxy is not likely to result in any material benefit to the account). In the event that we are willing to accept or have proxy voting authority on behalf of Advisory Account clients in the future, we will adopt and implement additional proxy voting policies and procedures in connection therewith.

Advisory Account clients should work with their custodians and brokers to ensure they receive proxies and other solicitations for securities held in their Advisory Accounts, and clients are solely responsible for voting or taking actions to vote any such proxies. These Advisory Account clients may contact us if they have questions on any particular solicitation.

## **ITEM 18: FINANCIAL INFORMATION**

We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, nor have we been the subject of any bankruptcy proceeding.

## **GENERAL INFORMATION**

### **PRIVACY POLICY**

We have adopted policies and procedures that we believe are reasonably designed to protect various records and information of clients and investors and to detect, prevent and mitigate identity theft. Except as set forth in the applicable offering materials, governing documents and/or account documents, our privacy notice and as otherwise authorized by each client and/or investor, private information about clients and/or investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, administrators, attorneys, brokers, custodians, and transfer agents, and to financial institutions pursuant to joint agreements between such institutions and us.

### **LEGAL PROCEEDINGS**

We generally are not responsible for filing claims or otherwise taking any action in connection with class action lawsuits, bankruptcy proceedings, or any other legal or administrative proceeding, in any such case on behalf of a client in connection with any client security holding. We may elect to change our policy with respect to these types of actions in our discretion.